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

Thirty-Sixth Meeting of the CDM-AP
07 - 09 September 2008

CONTENTS

Annexes

I. Introduction

1. This twenty-sixth progress report covers the period from 16 July 2008 to 09 September 2008. During this period the accreditation panel (CDM-AP) held one meeting.

II. Expert Resources

2. The CDM-AP held a brief discussion on the new additions to the roster of experts, new online facility for evaluation of applicants and some measures to further improve the online facility. Due to time constraints and heavy agenda of the meeting, the CDM-AP could not have a detailed discussion on this agenda item at this meeting.

III. Status of applications

3. The total number of active applications currently under consideration by the CDM-AP is 41. It may be noted that three applications are withdrawn.

4. In terms of geographical distribution of the 41 applications under consideration, highest number of applications are from Asia and Pacific region (20) followed by Western Europe and Other regions (18). Two applications are from Latin America and Caribbean region and one from the African region. Nine 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 (4), Colombia, Brazil and South Africa). Thus a total of twelve applications are from Non-Annex I Parties and one from an Annex I Party with an economy in transition (Romania).

5. The Executive Board may wish to note that the CDM-AP has issued indicative letters to twenty-nine (29) applicant 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. In these twenty-nine entities, seventeen (17) entities are already accredited for validation functions and eight for verification functions, covering a wide range of sectoral scopes. There is at least one DOE for each sectoral scope. It also indicates that there are twelve entities which have been issued indicative letters but these entities have not managed to propose required witnessing activities in order to complete their accreditation process.

6. With regard to the status of work of remaining entities, three entities are implementing corrective actions. Four entities are undertaking witnessing activities for validation functions and two for verification functions.

7. The CDM-AP in this meeting considered the progress of the assessment work for eleven (11) DOEs that applied for re-accreditation. Out of these eleven (11) entities, for four (4) DOEs desk review and on-site assessments have already been successfully completed, three (3) DOEs are implementing corrective actions after on-site assessments and remaining four are at the stages of desk reviews and coordination of their on-site assessments.

8. In undertaking the review of progress of other entities, the CDM-AP considered the information and assessment by the secretariat on several changes notified by the entities relating to their management representatives and/or key professional staff. The CDM-AP, in accordance with the procedure, took note of these changes and requested the secretariat for required actions.

9. The CDM-AP, considered the assessment results from first regular surveillance cases and forwarded its experiences with regard to the regular surveillance to the Board. The CDM-AP in its initial review of results agreed on the usefulness of this activity both for the DOEs and the accreditation process and requested the secretariat to further improve and strengthen the regular surveillance process.

IV. Indicative letters and recommendations for accreditation

10. The CDM-AP, in this meeting, considered one (1) case for issuance of indicative letter for initial accreditation and taking into consideration the need for some additional information agreed not to issue indicative letter to the entity and make the decision on the case electronically.

11. The CDM-AP considered one case of phased accreditation in this meeting. The recommendation of the CDM-AP on this case has been submitted for the consideration of the Executive Board under confidentiality.

V. Other recommendations

12. The CDM-AP considered the draft document 'elaboration of accreditation standards' revised by the secretariat taking into consideration comments received from the CDM-AP members. The CDM-AP held a detailed discussion on the document and approved to submit for the consideration of the Board. The CDM-AP agreed to recommend to the Board to call for public comments on the document before its approval by the Board. The draft document is attached as annex 1 of this progress report.

13. The CDM-AP, following the request of the Executive Board from its forty-first meeting, agreed on the revision of the CDM accreditation procedure. The revision is based on the request from the Board to enhance the scope of the spot-check procedures as well as other procedural implications in lieu to the decision of the Board on re-accreditation of operational entities. The revised accreditation procedure is attached as annex 2 of this progress report.

14. The CDM-AP, in response to the request from the Board relating to the incidents of attempts of falsification of documents by project participants, as reported by some entities in their annual activity reports, agreed to submit a note for the consideration of the Board. The note contains an analysis of the issue based on the information received from the AE/DOE Coordination Forum and identification of some measure already being proposed or implemented in the CDM system. The note also contains some additional measures which the Board may wish to take into its consideration. The note is contained as annex 3 of this progress report.

15. The CDM-AP, on the decision of the Board, at its forty-first meeting, to approve the development of a training programme and the proposed training components and request to develop options on effective implementation of the training programme and cost implications for the consideration of the Board, agreed to seek advice and cost estimations from external professional training bodies. The CDM-AP requested the secretariat to seek the cost estimations from these bodies for the consideration of the CDM-AP at its next meeting. The elaborated note along with cost estimations shall be submitted to the Board at its next meeting.

VI. Key issues under consideration

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

(a) Amendments of assessment forms to include improvements based on the Board decisions and clarifications that affect the accreditation criteria.

(b) Modalities of cooperation with Joint Implementation accreditation process are being developed so that both processes can share information and experiences among each other.

VII. Further schedule of the CDM-AP

17. The Board may wish to note that thirty-seventh meeting of the CDM-AP is scheduled on 8 - 10 October 2008, in Bonn, Germany..

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ELABORATION

OF

CDM ACCREDITATION REQUIREMENTS

CONTENTS

I. Abbreviations

CDM M&P	Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol, Decision 3/CMP.1
CDM EB	CDM Executive Board
CDM AP	CDM accreditation panel
CDM AT	CDM assessment team
AE/DOE	Applicant entity/Designated Operational Entity
GHG	Green House Gases
V&V	Validation and verification
CDM PP	CDM project participants
CDM PA	CDM project activities
PDD	Project design document

II. Introduction

1. The CDM accreditation standard as specified in Appendix A of Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol (hereinafter indicated as the CDM M&P), as described in Decision 3/CMP.1 adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, "Standards for the accreditation of operational entities" sets out the criteria for entities (both applicant entity and designated operational entity – hereinafter indicated as AE/DOE) providing CDM services for validation and/or verification/certification in accordance with the CDM M&P.

2. The CDM accreditation requirements are defined as CDM accreditation standard, the CDM M&P and subsequent decisions of the COP/MOP decisions and subsequent CDM Executive Board decisions (hereinafter indicated as the CDM EB) for AE's/DOE's application.

3. The term "shall" is used throughout this document to indicate mandatory provisions for the AE/DOE to meet the CDM accreditation requirements.

4. The term "should" is used for provisions in this document that indicate typical means for the AE/DOE to meet the CDM accreditation requirements. If the AE/DOE uses alternative means of meeting the CDM accreditation requirements, it shall provide a suitable and adequate justification.

A. Objective and Scope

5. This document elaborates CDM accreditation requirements as specified in **paragraph 7**, in particular, specifying detailed provisions for the AE/DOE to meet the CDM accreditation requirements. The objective of this document is to promote consistency of the AE's/DOE's implementation of the CDM accreditation requirements including its subordinate operational requirements, clarifications and other relevant provisions.

6. The document is intended to:

   (a) Provide elaboration of the CDM accreditation requirements for application to the AE/DOE.

   (b) Provide a basis for assessment of the AE/DOE by the CDM AT for the purpose of CDM accreditation activities.

7. This document is based on the CDM accreditation requirements contained in the following:

   (a) Appendix A of the CDM M&P;

   (b) Section E "Designated operational entities" of the CDM M&P;

   (c) Section G "Validation and registration" of the CDM M&P;

   (d) Section I "Verification and certification" of the CDM M&P;

   (e) Relevant provisions of the procedure for accrediting operational entities by the CDM EB;

   (f) Decisions, clarifications and elaborations issued by the CDM EB and COP/MOP.

8. Each requirement of the CDM accreditation standard is given in the text box and followed by related references in the CDM M&P. The relevant elaboration of such requirement has been provided immediately after the text box.

B. Terms and Definitions

9. Definitions indicated in paragraph 1and paragraph 2 as well as in CDM related terms as provided in the "Glossary of CDM terms[1]" shall apply. For terms specific to the CDM accreditation process that are not defined in these terms, definitions are provided below.

1. CDM accreditation

10. Formal confirmation by the CDM EB of the AE's/DOE's institutional capacity and competence to carry out the CDM validation/verification functions in accordance with CDM accreditation requirements.

2. CDM requirements

11. CDM requirements include the CDM M&P and subsequent decisions by the CMP and documents released by the CDM EB and available on the UNFCCC CDM website.

3. Legal entity

12. An entity that has separately legal personality under the relevant national/international law can function legally through its registration authority, enter into a contract, make decisions independently and may be sued for failure to perform as agreed in the contract.

4. Complaints

13. Formal (written) and/or informal (verbal) expressions of dissatisfaction/protest regarding the CDM related functions of the AE/DOE, from any source, such as the clients organization (the project proponent), the general public or its representatives, government bodies, NGO's, etc.

5. Disputes

14. Disagreement between the AE/DOE and the project participant regarding the AE's/DOE's recommendation and/or opinions/decisions made at various stages during the validation and/or verification/certification functions.

6. Appeals

15. The formal appeals against the various decisions taken by the AE/DOE, from the client's organizations (the project participants) in respect of validation, verification/certification functions.

7. Related body

16. An organization and/or body related to the AE/DOE on the basis of common ownership and/or governance, personnel, shared resources, finances, contracts, marketing and payment of commission or other inducement for bringing in business or the referral of new clients, etc.

8. Validation/verification team

17. One or more validators and/or verifiers performing validation and/or verification/certification functions. The validation/verification team may be supported by technical experts. One validator /verifier must be appointed as the validation /verification team leader.

9. Validator/verifier

[1] For glossary of CDM terms see <http://cdm.unfccc.int/Reference/glossary.html>

18. A person with competence to perform the validation and verification activity in a validation/verification team.

10. Application entity (AE)/Designated operational entity (DOE)

19. An entity designated by the COP/MOP, based on the recommendation by the Executive Board, as qualified to validate proposed CDM project activities as well as verify and certify reductions in anthropogenic emissions by sources of greenhouse gases (GHG) and net anthropogenic GHG removals by sinks.

A designated operational entity shall perform validation or verification and certification on the same CDM project activity. Upon request, the Executive Board may however allow a single DOE to perform all these functions within a single CDM project activity.

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.

11. Technical expert

20. Technical expert who provides specific knowledge or experiences to the validation/verification team.

III. Legal issues

Appendix A of the CDM M&P

1. An operational entity shall:

   (a) Be a legal entity (either a domestic legal entity or an international organization) and provide documentation of this status;

21. The AE/DOE shall hold a legal status in accordance with applicable national and/or international law so that it can function legally, enter into contracts, make decisions independently and may be sued for failure to perform as agreed in the contract.

22. The requirements with reference to various situations that could arise regarding the organizational structure and legal status of the AE/DOE are specified as below:

(a) Accreditation shall be granted to a legal entity irrespective of whether the entire organization or a part of it performs the validation/verification functions.

(b) The accreditation shall be confined to the functions, scopes and premises assessed by the CDM-AT as identified by the AE/DOE in its organizational structure and as indicated in its completed application for accreditation form.

(c) If the validation and/or verification/certification functions are carried out only by a part of a legal entity, the CDM AT shall examine all other activities of the legal entity that affect its CDM operations, in particular, for potential conflicts of interest, independence and impartiality. In such cases, only those premises that have been visited during the on-site assessment shall assume full responsibility(ies) for decision-making regarding validation, verification and certification. Only those premises shall also assume full

responsibility(ies) for management review, contract review, signing of the CDM related contractual arrangements, validation reports, verification/certification reports, requests for registration/issuance and other relevant documents as well as resources allocation. This does not exclude utilization of external resources under due contractual arrangements.

IV. Human resources and competence

Appendix A of the CDM M&P

1. An operational entity shall:

(b) Employ a sufficient number of persons having the necessary competence to perform validation, verification and certification functions relating to the type, range and volume of work performed, under a responsible senior executive;

AND

(f) Have, or have access to, the necessary expertise to carry out the functions specified in modalities and procedures of the CDM and relevant decisions by the COP/MOP, in particular knowledge and understanding of:

(i) The modalities and procedures and guidelines for the operation of the CDM, and relevant decisions of the COP/MOP and of the Executive Board;
(ii) Issues, in particular environmental, relevant to validation, verification and certification of CDM project functions, as appropriate;
(iii) The technical aspects of CDM project functions relevant to environmental issues, including expertise in the setting of baselines and monitoring of emissions;
(iv) Relevant environmental auditing requirements and methodologies;
(v) Methodologies for accounting of anthropogenic emissions by sources;
(vi) Regional and sectoral aspects;

AND

(g) An applicant entity shall make available:
(v) Its policy and procedures for the recruitment and training of operational entity personnel, for ensuring their competence for all necessary functions for validation, verification and certification functions, and for monitoring their performance.

A. Sufficiency of human resources

23. The AE/DOE shall have documented procedures to determine the sufficiency of resources having the necessary competence in order to meet the CDM requirements related to the validation and/or verification/certification functions which AE/DOE undertakes or proposes to undertake.

24. AE/DOE shall ensure that it has arranged sufficient resources relating to the type, range and volume of present and future estimated/planned workload.

25. The sufficiency of resource should be evaluated at least annually based on the different technical areas within the CDM sectoral scopes[2], geographical locations and expected volume of its validation and/or verification/certification functions.

26. This evaluation shall be based on past performance, future projections, and sectoral scopes including all technical areas. These technical areas are likely to be more specific than the sectoral scopes listed in the "List of sectoral scopes[3].

27. The evaluation should enable the AE/DOE to plan and demonstrate that required human resources remain sufficient for its validation and/or verification/certification functions.

28. The personnel carrying out validation and/or verification/certification functions, irrespective of whether employed full time or part time on contract, should be under the supervision of a responsible senior executive of the AE/DOE.

29. The AE/DOE may fulfil its requirements for sufficient resources either through internal recruitment resources or by employing individuals on a short term contract basis (validators, verifiers and/or technical experts) and/or by making use of external human resources through subcontracting.

B. Competence

1. General

30. The resources arranged by the AE/DOE shall cover all activities of the AE/DOE related to the CDM functions both at the management and validation/verification team level.

31. The AE/DOE shall ensure the availability of technical expertise for specific CDM technical and methodological aspects, in particular, knowledge and understanding of:

(a) Relevant decisions of the CDM EB;

(d) Environmental issues relevant to validation and/or verification/certification of CDM project activities;

(c) Relevant environmental auditing requirements and methodologies;

(d) Methodologies for accounting of anthropogenic emissions sources; and

(e) Regional and sectoral aspects.

32. Competence assessment shall include the evaluation of knowledge and understanding of CDM requirements, skills to perform validation/verification, and personal attributes to act in accordance with the auditing principles, procedures and techniques.

33. The AE/DOE shall evaluate the competencies needed and define specific competence requirements for the following two levels of activities:

(a) The CDM management function: This shall include all management functions as below:

(i) Assessment of human resource requirements;

(ii) Training and qualification/approval of personnel for specific functions;

(iii) Contract review;

[2] Please refer to the Annex A of this document for the list of sectoral scopes.
[3] List of sectoral scope (CDM-ACCR-06) <http://cdm.unfccc.int/DOE/scopelst.pdf>

(iv) Validation/verification team selection;

(v) Internal technical review of validation/verification reports; and

(vi) Final decision-making relating to validation and/or verification.

(e) Validation/verification team level: Competence requirements of the validation and verification team level requires at three levels:

(i) Individual team member,

(i) Validation and verification team

(ii) External experts that may be required.

2. Understanding and knowledge for CDM related work

34. Individual validator/verifier shall have understanding and knowledge in the following areas:

(a) The Kyoto Protocol, the relevant decisions of COP/MOP and the CDM EB, the CDM project cycle, and CDM M&P;

(b) For CDM project activities related, the technical processes, project design, methodologies, baselines, additionality, boundaries, calculation of GHG, environmental impacts, financial aspects of the CDM project activities, monitoring requirements etc, as relevant to technological areas within the sectoral scopes in which the AE/DOE is active or plans to be active;

(c) Technical and operational aspects of a project activity in the sectoral scope applied for to be validated;

(d) Quantification, monitoring and reporting of GHG emissions, including relevant technical and sector issues;

(e) Regulatory requirements relevant to sectoral scopes and project activities as applicant;

(f) Knowledge of Climate change mitigation aspects and related issues relevant to the sectoral scope applied for;

(g) Issues related to various aspects of CDM project function in general.

3. Personal attributes and auditing skills

35. In addition to the above areas of understanding and knowledge, validators/verifiers shall possess personal attributes that would enable them to act in accordance with the auditing principles, procedures and techniques.

36. A validation/verification team member shall be able to:

(a) Plan and organize the work effectively and conduct the work within the agreed time schedule, to prioritize and focus on matters of significance;

(b) Collect information through effective interviewing, listening, observing and reviewing documents, records and data;

(c) Verify accuracy of collected information and confirm the sufficiency and appropriateness of gathered evidence to support audit findings and conclusions and prepare audit reports; and

(d) Communicate effectively, either through personal knowledge of the language or through help of an interpreter.

37. In addition to the above, the person designated as the team leader should have the following additional knowledge and skills in team leadership to facilitate the efficient and effective conduct of the validation/verification functions:

(a) Plan and make effective use of human resources during the function;

(b) Represent the validation/verification team in communications with project participants and organize and direct team members;

(c) Manage the validation/verification functions and lead the team to reach conclusions on various aspects of validation/verification process; and

(d) Prevent and resolve conflicts, prepare and complete the validation/verification report and handle all the possible follow-up actions, as appropriate.

C. Competence allocation

1. Competence for management functions

38. The AE/DOE shall include following in determining specific competence requirements at the management level.

(a) Assessment of human resource requirements;

(b) Qualification of the personnel;

(c) Assessment of applications and conduct of contract reviews;

(d) Selection of validation and/or verification/certification and review personnel; and verification of their competence;

(e) Maintaining competence level of validation and/or verification/certification personnel and arranging any necessary training;

(f) Supervision of implementation of validation and/or verification/certification procedures;

(g) Technical review and decision-making on validation and/or verification/certification functions;

(h) Overall management of the AE's/DOE's functions and its impartiality related activities; and quality of management system; and

(i) Implementation of overall quality assurance measures.

2. Competence for validation / verification teams

39. Competence for validation/verification team personnel of the AE/DOE is classified into following levels:

(a) Individual validators/verifiers and technical experts; and

(b) Validation/verification teams.

40. Individual validator/verifier shall be able to demonstrate the following competence requirements:

(a) The ability to apply the knowledge described paragraph 34, gained through the education, work experience, auditor training and the CDM related work experience described paragraph 48;

(b) The personal attributes4 and application of auditing techniques.

3. Competence for technical review and validation and/or verification/certification decision-making

41. The technical competence of the personnel involved the decision-making including technical review shall be defined by the AE/DOE. The competence shall include knowledge relevant to the specific sectoral scope and project activity being validated and/or verified/certified.

D. Management process of human resource

1. Initial competence analysis

42. The AE/DOE shall establish the procedure and carry out an initial competence analysis for determination of competence requirements in response to the evaluated needs for each technical areas within the sectoral scopes in which it operates or proposes to operate.

43. This analysis should cover the following:

(a) **General CDM Aspects**

CDM M&P and guidelines for the operation of the CDM activity, and relevant decisions of the COP/MOP and of the CDM EB; relevant environmental auditing requirements and methodologies.

(b) **Typical CDM project related aspects**

Project design, methodologies, baselines, additionality, boundaries, leakage, calculation of GHG emission reduction, environmental impacts, monitoring requirements etc, as relevant to technical areas within the sectoral scopes in which the AE/DOE applies to operate.

(c) **Detailed Technical aspects**

Technical areas and their impact on GHG processes, monitoring of these processes and related GHG emissions, measurement techniques, calibration and uncertainty in the measurement of the parameters applicable for that technical area, impact of failure of monitoring equipments on the measurement of emission reductions.

(d) **Regulatory aspects**

Requirements relevant to the CDM project cycle and the relevant environmental and regulatory issues.

(e) **Specific methodological aspects**

Requirements for validating, the application of approved baseline and monitoring methodologies or application of new methodologies relevant to the above, including setting of baselines and monitoring of emission reductions.

(f) **Technical verification aspects**

[4] Personal attributes refer to characteristics to enable individuals to act in a manner that facilitate the validation/ verification works. The validator/ verifier should be ethical, open-minded, observant, perceptive, versatile, tenacious, decisive, and self-reliant.

Specific requirements for verification and certification of project activities in relation to the above technical areas within sectoral scope, with specific reference to the CDM methodological and regulatory aspects.

(g) **Financial aspects**

Financial expertise to evaluate financial and economical aspects of the CDM project activities.

44. The AE/DOE shall document this analysis and determined competence requirements for specific technical areas. This analysis should provide the basis to determine the specific competence requirements at for two levels, i.e. management functions and validation/verification team level and that must be available to the AE/DOE.

45. This evaluation should be further integrated by the AE/DOE into training of its personnel, its management system and procedures for carrying out validation and/or verification functions.

2. Ensuring personnel competence

i. Validation/verification team members

46. Based on the initial competence analysis as specified **paragraph 42-45** carried out for different technical areas within the sectoral scopes the AE/DOE shall define the criteria to evaluate whether relevant personnel have the relevant competence including criteria with respect to education, work experience, necessary skills, and essential training.

47. Further the AE/DOE shall have a defined system for demonstrating, how the required competence, as determined through the competence analysis, has been acquired by its personnel, before qualifying them for relevant functions.

48. An example of qualification criteria for initial evaluation validators/verifiers is given below:

(a) Relevant educational qualification provides the knowledge and essential skills in the subject area such as an educational qualification equivalent to about 12 + 3 years of formal education;

(b) Specific work experience in the field contributes to the development of understanding and knowledge as well as application of these skills as described at paragraph 34-37. A work experience of minimum 2 years depending upon the individual's capacity to assimilate and grasp, should be adequate. Part of this work experience should be in GHG emission reduction related, environment management related, CDM project activity development related or equivalent aspects in other technical areas within the sectoral scopes;

(c) An auditor's training or any other equivalent way for developing knowledge and skills described at paragraph 34-37 above for a validation/verification team member should be adequate; and

(d) Actual CDM validation/verification related experience gained through observing the validation/verification functions. Participation in CDM validation and/or verification functions under the guidance of a qualified validator/verifier may be considered a good system for acquiring this experience.

49. The AE/DOE shall verify competence by carrying out an evaluation of individuals for specific technical areas, tasks and/or functions. Records of such verification shall be documented and maintained.

ii. Validation/verification team leaders

50. A team leader shall require experience and expertise in addition to the skills as described in **paragraph 37**.

51. This additional experience may typically be gained while acting in the role of a team leader under the direction and guidance of another validator/verifier, already qualified as a team leader, for a minimum of two validation and two verification functions. This additional experience may also be gained while acting in the role of a team leader in another auditing context.

3. Maintenance and improvement of competence

i. General

52. The AE/DOE personnel involved in validation/verification functions shall demonstrate their continual professional development[5]. The AE/DOE shall establish a system and resources for its personnel to maintain and demonstrate its competencies in view to the evolving and new requirements. The system should take into account changes in the needs of the individual and the organization, the technological changes and changes in CDM related requirements.

ii. Evaluation and ongoing monitoring

53. The AE's/DOE's management shall have a system for ensuring satisfactory performance of all personnel involved in CDM activities on an ongoing basis.

54. It shall have documented procedure for initial on-the-job evaluation and subsequent monitoring and measurement of the performance of the validation/verification team members and other personnel involved in CDM activities, such as technical expert.

55. The monitoring methods and frequency should depend on the type, range and volume of work performed by different personnel and the level of importance of their activities linked to their activities. In particular, the AE/DOE should review the competence of its personnel in the light of their performance in order to identify training needs.

56. The documented monitoring procedures for validation/verification personnel should include a combination of on-the-job evaluation, review of validation/verification reports and feedback from stakeholders.

57. The AE/DOE should have a system for a periodic observing of each personnel on-the-job performance. The frequency of on-the-job evaluations should be based on the need determined from all monitoring information available.

iii. Training

58. The AE/DOE shall have a documented procedure for the identification of training needs on a regular basis and to take care of specific needs, new evolving technical and regulatory needs. The documented procedure shall be made available to the CDM secretariat at the time of making an application.

59. Based on the identification the AE/DOE should have a system for offering, or providing access to specific training, to ensure that its personnel involved in validation and verification activities, technical experts and other personnel involved in CDM activities remain competent for the activities they perform.

[5] Continual professional development (CPD) is concerned with the maintenance and improvement of knowledge, skills and personal attributes. This can be achieved through means such as additional work experience, training, private study, coaching, attendance at meetings, seminars and conferences or other relevant activities.

60. The AE/DOE shall establish and maintain a system for evaluating the effectiveness of the training and update it accordingly.

4. Competence requirements for composition of validation/verification teams

61. The AE/DOE shall establish a system and procedure for selection of validation/verification team members to compose the validation/ verification team for the specific CDM project activities.

62. The system and procedure shall ensure the required competencies in consideration of the technical, methodological and sectoral aspects of the project activities.

63. The validation/verification team shall collectively have the competence and expertise specific to the technical area within the sectoral scope for the project function being validated/verified and at least one member of the validation/verification team shall have the allocated technical area within the sectoral scope as defined at paragraph 67-68.

64. The work of the validation/verification team may be supported by inputs from technical experts (internal/external). The technical experts shall have specific expertise in technical/methodological and sectoral aspects.

65. Technical experts shall not be directly involved in the validation/verification.

66. The technical expert shall be familiar with the AE's/DOE's established system for CDM validation/verification functions relevant to their work and shall have access to an up-to-date set of documented procedures giving relevant instructions and information on the CDM activities.

5. Allocation of technical areas within the sectoral scope to the validators/verifiers

67. The AE/DOE shall have a documented procedure for allocation of technical areas within the sectoral scopes to the personnel involved invalidation/verification functions.

68. An example of such a system of qualification:

If a validator/verifier has a direct working experience, gained through means such as employment, involvement in consultancy or project development, etc, then he/she may be directly qualified for that technical area under the sectoral scope. Any subsequent qualification for another technical area within the sectoral scope may be through observation of two validation or verification activities, respectively.

6. Use of external validators, verifiers and technical experts

69. The AE/DOE shall establish procedures for engaging external validators, verifiers and technical experts as defined under paragraph 29, if utilized, to fully comply with the policy and quality management aspects of the AE/DOE.

70. This should be achieved by having a written agreement by the external resources to commit themselves to comply with applicable policies and procedures as defined by the AE/DOE.

71. The agreement shall address aspects relating to confidentiality and independence from commercial and other interests, and shall require these personnel (external validator/verifiers and external technical experts) to notify the AE/DOE of any existing or prior association with any project proponent they may be assigned to validate/verify as well as actual and potential involvement in identification, development or financing of CDM activities. The relevant requirements with respect to competence evaluation and qualification, training and monitoring as defined under paragraph 37-41 and 46-68, shall also apply to these external resources.

7. Recruitment

72. The AE's/DOE's management shall ensure that an appropriate recruitment management system is established, documented and implemented for recruitment/deployment and training of personnel so as to ensure their initial competence of the personnel as stated above. The documented procedures shall be made available to CDM secretariat at the time of making an application.

73. The AE/DOE shall maintain necessary records for such demonstrations.

8. Subcontracting

74. The AE/DOE may subcontract to another legal entity for utilizing specifically identified individuals, for providing necessary expertise. These individuals shall meet all relevant competence requirements specified by the AE/DOE. The AE/DOE shall not subcontract any of its decision-making in respect of its management functions as specified in paragraph 113.

75. The AE/DOE shall have a documented policy and procedures describing the conditions and manner under which subcontracting is undertaken. In establishing the policy and procedures, the AE/DOE shall, inter alia, take following aspects into consideration:

(a) The AE/DOE shall ensure that the subcontractors and its personnel are not involved, either directly or indirectly, with the project participant and the proposed project activity being validated/verified. The subcontractors shall also be governed by all the impartiality related requirements applicable to the AE/DOE.

(b) The AE/DOE shall ensure that the subcontractors and its personnel have the necessary competence to undertake the subcontracted activities.

76. The AE/DOE shall have documented procedures for evaluation, qualification and monitoring of subcontractors in accordance with its established criteria and procedures. The AE/DOE shall approve the identified personnel of the subcontractor whom it wishes to utilize. The records of competence of specifically identified individuals used for the individual assignments shall be maintained. The AE/DOE shall provide records and information on evaluation of its subcontractors to the CDM AT.

77. The AE/DOE shall obtain prior consent of their client to the use of the subcontractor organization and the activity to be subcontracted.

9. Personnel records

78. The AE/DOE shall maintain up-to-date personnel records, including relevant qualifications, training, experience, affiliations, professional status, and any consultancy services that may have been provided, as specified by paragraph 123-126.

79. This shall include records of management and administrative personnel and the personnel performing the CDM validation /verification functions including those external to the entity.

V. Liability and finance

Appendix A of the CDM M&P

1. An operational entity shall:

(c) Have the financial stability, insurance coverage and resources required for its functions;

(d) Have sufficient arrangements to cover legal and financial liabilities arising from its functions;

A. Financial stability

80. The AE/DOE shall demonstrate that it has the financial resources and stability required for its operations of CDM related activities. The demonstration of the financial resources and stability should be done by:

(a) Evidence of financial resources including previous 3 years financial statements (balance sheets, profit and loss accounts, etc); or any other relevant evidence such as shareholders commitment, and

(b) Business plan for next three to five years; and

(c) Annual budgeting plans.

81. Documented evidence shall generate confidence that commercial, financial or other pressures shall not compromise the impartiality of the AE/DOE.

82. The AE/DOE shall monitor its income and expenditure to determine the financial stability and financial resources required for its operations of the CDM related activities.

B. Liability

83. The AE/DOE shall demonstrate that it has analyzed and identified and evaluated the nature, scale and impact of all potential risks arising from its CDM related activities and has arrangements to cover the identified risks.

84. The means to cover potential liabilities could be as following:

(a) Liability insurance;

(b) Adequate financial resource reserves, such as cash in the bank, short/long term liquidities.

VI. Process requirements

Appendix A of the CDM M&P
1. An operational entity shall:

(e) Have documented internal procedures for carrying out its functions including, among others, procedures for the allocation of responsibility within the organization and for handling complaints. These procedures shall be made publicly available**;**

AND

Section E "Designated operational entities" of the modalities and procedures for a CDM – Requirements 27 (a), (b) and (e)

AND

Section G "Validation and registration" of the modalities and procedures for a CDM

AND

Section I "Verification and certification" of the modalities and procedures for a CDM

A. General requirements

85. The AE/DOE shall establish, document, implement and maintain the internal business management system for carrying out the following activities competently, in line with the requirements specified in the CDM M&P, the latest version of the [Clean Development Mechanism Validation and Verification Manual"], and relevant decisions of the COP/MOP and the CDM EB.

(a) Validation of proposed CDM project activities; and

(b) Verification and certification of reductions in anthropogenic emissions by the sources of GHG that have occurred as a result of a registered CDM project activity during the verification period.

B. Contract review

1. Application for validation and/or verification/certification

86. The AE/DOE shall have a documented procedure for inviting applications from authorized representatives of the CDM project participants. The application shall be designed to capture all the necessary information including complete details of the CDM project function which they would like the AE/DOE to validate or verify and certify, for the AE/DOE to make a considered review and take decision on issues such as:

(a) Whether the project falls within the AE's/DOE's applied/accredited sectoral scopes or applied for accreditation in the sectoral scope of the project activity;

(b) Whether the AE/DOE has necessary competence to take up the project;

(c) Whether impartiality issues are cleared and in line with the CDM accreditation requirements, etc.

87. Some of the essential information that could be included in the application which would enable the AE/DOE to establish the above are:

(a) Information about the project through the submission of the PDD;

(b) The information about the project participants, and the host Party and the national designated authority;

(c) Information about persons or organizations engaged in identification, development, and consultancy and financing of the project activity;

(d) Scope of the contract defining project boundaries and sites included in assessment, the nature of the data necessary to validate/verify the project, methodology review/submission of PDD to the CDM EB;

(e) In case of contract for verification/certification function, details of validation opinions/conclusions, details of implementation of the registered monitoring plan and its revisions, as applicable, including a monitoring report in accordance with the registered monitoring plan; and

(f) Contract period and the liability conditions.

2. Application review

88. Before proceeding with contracting the AE/DOE shall conduct a review of the application and the supplementary information for validation and/or verification/certification to ensure that the requirements for validation/verification are understood and that the documentation is complete, accurate and verifiable. It shall accept a contract only if after the review it has established that:

(a) There are no impartiality issues that contravene the CDM accreditation requirements;

(b) It has the competence and ability to perform the validation/verification function;

(c) It has the accreditation or has applied for the CDM accreditation in the sectoral scope of the proposed project activity; and

(d) Considerations such as location(s) of the applicant organization's operations, time required to complete the project and any other points influencing the validation/verification such as language, safety conditions, etc. have been taken into account.

89. Complete details of the contract review process along with records of the justification for the decision to undertake the project function should be documented and maintained.

3. Validation/verification contract

90. The AE/DOE shall have a system for entering into a contractual agreement with the project participant and/or other parties involved in the project activity for providing validation and/or verification/certification functions.

C. Selection of the team for validation/verification functions

91. Based on this review, the AE/DOE shall have a system for determining the competencies it needed in its audit team, based on the contract review, and for the validation/verification opinions and decisions.

92. The validation/ verification team shall be appointed and composed of a team leader and other validation/verification team members and independent technical experts, as necessary. The team shall have the competences as specified under the chapter of human resources and competence commensurate with technical areas and sectoral scope and other technical, regulatory and geographical requirements pertaining to the CDM project activity.

93. The CDM related validation/verification functions are likely to require multi-disciplinary experiences and covering, technical, environmental, location specific, legal, and financial expertise.

94. The AE/DOE shall have undertaken the checks on the personnel selected as team leader and/or team member(s) to be independent of the CDM project activity they are assigned to validate or verify and certify in line with the impartiality requirements specified under the chapter of safeguard impartiality.

95. The AE/DOE shall have formal rules and/or contractual conditions to ensure that each team member of validation/verification team and technical experts, acts in an impartial and independent manner.

96. Each team member should inform the AE/DOE, prior to accepting the assignment, about any known existing, former or envisaged link to the project activity.

D. Allocation of human resources for a specific validation/verification function

97. The AE/DOE shall have a documented system for determining the human resources needed to carry out a complete and effective validation/verification functions. The human resources (man-days) determined and allocated by the AE/DOE for each validation and/or verification/certification project activity along with the justification for the determination, should be recorded.

98. In determining the human resources, the AE/DOE should consider and document, among other things, the following aspects:

(a) Complexity of the CDM project activity;

(b) Risks associated with the project activity;

(c) Technological and regulatory aspects;

(d) Size and location of the facility.

(e) Type and amount of field work necessary for the validation/verification process.

E. Planning and preparation for validation/verification functions

99. The AE/DOE shall have a documented system for preparing the plan for validation/verification functions. The plan should identify all the tasks required to be carried out in each type of project activity, human resource requirements (man-days) and identification of any specific sectoral and geographical aspects.

100. The tasks given to each member of the validation/verification team should be clearly defined and communicated to the client (the contracted CDM project participant).

101. The names of the validation/verification team members and their background information should also be provided to the project participants sufficiently in advance to give them time, if considered appropriate, to object to the appointment of any particular member(s), with sufficient justification and for the AE/DOE to reconstitute the team in response to any valid objection.

102. The validation/verification team should be provided with the appropriate working documents.

F. Validation and/or verification/certification

1. General

103. The AE/DOE shall establish documented procedures to integrate all aspects of the validation and/or verification/certification functions. All essential requirements for AE/DOE for carrying out its validation and/or verification/certification functions along with means of validation and/or verification/certification and reporting requirements are detailed in the latest version of the [Clean Development Mechanism Validation and Verification Manual].

2. Technical review and decision-making

104. The AE/DOE shall have a documented procedure for conducting independent technical review of the opinion generated by the validation/verification team. The decision on the assessed project activity shall be undertaken independently of the validation/verification team. Technical reviewer and the decision maker can be the same person as long as the competence criteria for technical review and decision making as specified paragraph 41 is met.

105. The AE/DOE should also have a documented procedure for dealing with situations in which they deem a submitted project to be not acceptable as a CDM project activity.

VII. Information management

Appendix A of the CDM M&P

1. An operational entity shall:

(e) Have documented internal procedures for carrying out its functions including, among others, procedures for the allocation of responsibility within the organization and for handling complaints. These procedures shall be made publicly available;

AND

Section E of the CDM M&P

27 A designated operational entity shall:

(f) Maintain a publicly available list of all CDM project activities for which it has carried out validation, verification and certification;

(g) Submit an annual function report to the Executive Board;

(h) Make information obtained from CDM project participants publicly available, as required by the Executive Board. Information marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine additionality as defined in paragraph 43 of the CDM M&P, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 37 (c) of the CDM M&P, shall not be considered as proprietary or confidential.

A. General

106. The AE/DOE shall establish and maintain a policy, establish procedures and put into place arrangements for the information management covering all the information with respect to its validation and/or verification/certification processes.

B. Information to be made available in public domain

107. The AE/DOE shall have a documented procedure for making available the following information/documents in the public domain.

(a) Maintain a publicly available list of all CDM project activities for which it has carried out validation, verification and certification.

(b) Information obtained from the PPs shall be made publicly available, as required by the CDM EB. Information marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by

national law. Information used to determine additionality as defined in paragraph 43 of Decision 3/CMP.1, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 37 (c) of the same, shall not be considered proprietary or confidential, and shall be made publicly available.

(c) The PDD and the monitoring report obtained from the PPs.

(d) The validation and verification reports by AE/DOE.

(e) The certification report by the AE/DOE.

(f) All documented procedures related to provision of information on validation and verification services, the allocation of responsibilities within the AE/DOE and it's procedures with respect to complaints handling shall be made publicly available.

C. Information to be made available to the CDM EB

108. The DOE shall submit an annual activity report to the CDM EB following the guidance provided by the CDM-EB at its nineteenth meeting.

VIII. AE's/DOE's organization

Appendix A of the CDM M&P

1. An operational entity shall:

(g) Have a management structure that has overall responsibility for performance and implementation of the entity's functions, including quality assurance procedures, and all relevant decisions relating to validation, verification and certification. The applicant operational entity shall make available:

(i) 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;

(ii) An organization chart showing lines of authority, responsibility and allocation of functions stemming from senior management;

AND

Section E "Designated operational entities" of the modalities and procedures for a CDM – Requirements 26, 27 (a), (b), (c)

A. General

109. The AE/DOE shall have a documented organizational structure:

(a) To work in a credible, independent, non-discriminatory and transparent manner, complying with applicable national law;

(b) Which safeguards impartiality, including provisions to ensure impartiality of its operations.

B. Organizational structure

110. The AE/DOE shall document its organizational structure, showing duties, responsibilities and authorities of management personnel, validation, verification and certification personnel and others involved in CDM activities and any operational or supervisory committees.

111. These shall be made available to the CDM secretariat along with 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, etc, at the time of making an application.

112. Any planned changes in the management, key staff and organizational structure shall be notified in advance in accordance with the CDM accreditation procedure. Any unexpected change(s) shall be notified to the secretariat within ten (10) days of the change took place.

C. AE's/DOE's management

113. The AE/DOE shall identify top management (individuals, a group of persons or a board or committee) having overall authority and responsibility for the following functions:

(a) Formulation and development of policy matters relating to the operations of the AE/DOE;

(b) Establishment of quality management system in line with policies formulated; documentation of policies and procedures and their implementation;

(c) Supervision and monitoring of implementation of policies and procedures;

(d) Establishing a system for setting up and maintaining quality of CDM related work;

(e) Supervision of finances and administrative matters and for dealing with contractual matters and arrangements;

(f) Decision related to validation and/or verification/certification, appeals and complaints, etc; and

(g) For providing adequate and competent human resources for validation/ verification functions related to CDM; etc.

114. The AE/DOE shall have formal rules for the appointment, terms of reference and operation of any committees that are involved in its policy making or operational functions.

IX. Quality management system

Appendix A of the CDM M&P

1. An operational entity shall:

(g) Have a management structure that has overall responsibility for performance and implementation of the entity's functions, including quality assurance procedures, and all relevant decisions relating to validation, verification and certification. The applicant operational entity shall make available:

(iii) Its quality assurance policy and procedures;

(iv) Administrative procedures, including document control;

A. General

115. The AE/DOE shall establish, document, implement and maintain a quality management system and documented procedures in supporting and demonstrating the consistent application of the requirements of the CDM M&P and relevant decisions of COP/MOP and of the CDM EB. The CDM EB in its operational process of the CDM M&P elaborated that quality assurance related terms described in Appendix A of the CDM M&P as a group should be considered as a quality management system.

116. These documented procedures shall be made available by the applicant entity to the CDM secretariat at the time of making an application and shall be periodically updated to reflect any update to the CDM requirements.

B. Policies and objectives with respect to CDM functions

117. The AE's/DOE's top management shall establish and document policies and objectives for its functions. The top management shall provide evidence of its commitment to the development and implementation of a management system in accordance with the requirements of CDM accreditation standards.

118. The top management shall put into place measures to ensure that the policies are understood, implemented and maintained at all levels of the organization.

C. CDM quality manager

119. The AE's/DOE's top management shall appoint a member of management as a CDM quality manager, who, irrespective of other responsibilities, shall have responsibility and authority for the following:

(a) Ensuring that processes and procedures needed for the system complying with the requirements of the CDM M&P, relevant decisions of COP/MOP and of the CDM EB are established, implemented and maintained; and

(b) Reporting to the AE's/DOE's top management on the performance of the system and proposing required improvements.

D. Documented internal procedures for carrying out the CDM functions

120. All applicable requirements of the CDM accreditation requirements shall be addressed either in a manual or in associated documents. The AE/DOE shall ensure that the manual and relevant associated documents are accessible to all relevant personnel.

E. Document and record management system

1. Control of documents

121. The AE/DOE shall establish and maintain procedures to control all documents that form part of its CDM management system (internally generated or from external sources), such as quality manual, procedures, and instructions, validation and verification guidelines and procedures, regulations, standards, other normative documents. The documentation can be in any form or type of medium; e.g. paper, electronic.

122. The procedure should define the controls needed for the following:

(a) Approval of documents for adequacy before issue by authorised personnel;

(b) Periodically reviewing and revision of document, as necessary, to ensure continuing suitability and compliance with applicable requirements;

(c) Re-approval of document before reissue by the person authorised for approval of changes;

(d) Changes in the documents and the current revision status are identified;

(e) That authorised and applicable versions of all required documents are available at points of use;

(f) That all obsolete documents are promptly removed from all points of issue or use;

(g) That all obsolete documents retained for legal or other reasons are suitably marked;

(h) That external documents are identified and updated and that their distribution within the organization are appropriately controlled.

2. Control of records

123. The AE/DOE shall establish and maintain procedures to define the controls needed for the identification, collection, indexing, access, filing, storage, protection and retrieval of its records. The established procedures shall also define retention time and disposition of records.

124. Records of original observations, derived data and sufficient information used to follow an audit trail shall be maintained to demonstrate compliance with CDM requirements

125. The AE/DOE shall establish procedure for retaining records for a period consistent with its contractual and legal obligations and CDM accreditation requirements. All records should be held securely and safely so as to preserve all confidential information.

126. The record control procedure should cover procedures to protect and back-up records stored electronically and to prevent unauthorised access to or amendment of these records.

3. Records pertaining to validation and/or verification/certification functions

127. The AE/DOE shall have a system for maintaining and managing specific records pertaining to its CDM validation or verification and certification activities including the following:

(a) All information in respect of application and the information received from the project proponents in relation to the application;

(b) Contracts related records;

(c) Validation, verification preparation and planning related records;

(d) Objective evidences collected during validation/verification functions;

(e) Validation/verification assessment findings and conclusion/opinion related records;

(f) Validation, verification and certification reports;

(g) Records pertaining to any decision-making mechanisms;

(h) Records of complaints, disputes and appeals and their resolutions;

(i) Evidence of the competence of validators/verifiers and technical experts.

128. The AE/DOE shall have a system for maintaining the above records secure and safe up to its retention period specified at **paragraph 123-124** including during their transport, transmission or transfer.

F. Internal audits

129. The AE/DOE shall periodically at least once a year and in accordance with a predetermined schedule and procedure, conduct internal audits of its CDM activities to verify that its operations continue to comply with the requirements of the CDM accreditation and its own documented procedures.

130. The internal audit program should address all requirements of the CDM accreditation requirements as clarified in this document.

131. The internal audit system should include the following:

(a) The AE/DOE should plan and organize an internal audit, and it should be audited by AE's/DOE's qualified personnel or external qualified expert who is independent of the function audited;

(b) When audit findings cast doubt on the effectiveness of the operations or on the correctness of CDM validation, verification and certification activities, the AE/DOE should take timely corrective actions to ensure compliance with CDM requirements;

(c) The area of function audited, the audit findings and corrective actions that arise from qualified internal auditor should be recorded; and

(d) The follow-up audit activities should verify and record the implementation and effectiveness of the corrective actions taken.

G. Managing non-conformities in operation

132. The AE/DOE shall establish a mechanism to identify non-conformities and undertake corrective and preventive actions in response to internal audits, work carried out by the AE/DOE and feedback from stakeholders.

133. The documented procedure to identify and manage non-conformities should ensure the following:

(a) The responsibilities and authorities for the management to follow-up nonconforming work shall be designated.

(b) An evaluation of the significance of the nonconforming work shall be made

(c) Appropriate actions as decided shall be taken. Under extreme conditions, the action decided may include withholding of validation, verification reports and certification, as necessary;

(d) The responsibility for authorising the resumption of work may be defined; and

(e) The corrective action process shall be promptly initiated.

H. Corrective and preventive actions

1. Corrective actions

134. The AE/DOE shall establish a documented procedure and shall designate appropriate authorities for implementing corrective action when nonconformities or departures from the defined policies and procedures in line with CDM requirements are identified.

135. The documented procedure should include the following:

(a) The procedure for corrective action shall start with an investigation to determine the root cause(s) of the problem;

(b) The need for corrective action to prevent reoccurrence of the non-conformity shall be evaluated, where necessary, identify the corrective actions necessary and implement the same in a timely manner. Corrective actions shall be to a degree appropriate to the magnitude and the risk of the problem;

(c) Records of corrective actions taken and the results shall be maintained. The AE/DOE shall also document and implement any required changes in their internal systems resulting from corrective action investigations;

(d) The results shall be monitored to ensure that the corrective actions taken have been effective; and

(e) Where the identification of non-conformities or departures casts doubts on the AEs/DOEs' compliance with its own policies and procedures, or on its compliance with the CDM requirements, the internal audit frequency may be appropriately .

2. Preventive Action

136. In addition to the above, the AE/DOE should have a documented procedure for identifying, in a proactive manner, the potential sources of non-conformities, and needed improvements and preventive actions required to prevent their occurrences.

137. Documented procedures for preventive actions should include the initiation of such actions and application of controls to ensure that they are effective. Preventive actions taken shall be appropriate to the probable impact of the potential problems. All records for preventive actions shall be maintained.

I. Management review

138. A periodic review shall be conducted by the AE's/DOE's top management, of its CDM activities. The purpose of this periodic review is to ensure continuing suitability and effectiveness of the AE's/DOE's quality management system, consistency and implementation of its policy and procedures and its continual compliance with competencies to meet the requirements of the CDM accreditation standards.

139. If necessary, the review output should also be utilised to introduce necessary changes and make improvements. This review should be carried out with a predetermined schedule and procedure and should be conducted at least once a year.

140. The review should consider:

(a) Follow-up actions from previous management reviews:

(b) The suitability of policies and procedures;

(c) Results of internal and external audits;

(d) Feedback from stakeholders related to the fulfilment of the CDM requirements;

(e) The status of corrective and preventive actions;

(f) Results and status of quality assurance measures undertaken;

(g) The fulfilment of quality objectives;

(h) Status of complaints, disputes and appeals;

(i) Recommendations for improvement;

(j) Projects rejected or placed under review by the CDM EB;

(k) Other relevant issues such as changes in the volume and scope of work, resource, competences and personnel training, etc.

141. Findings from management reviews and the actions that arise from them shall be recorded. The typical outputs of the review should be actions for improvements in the working of the operational entity aimed at better fulfilment of CDM related objectives and these should be indicated as measurable objectives.

X. Handling complaints, disputes and appeals

Appendix A of the CDM M&P

1. An operational entity shall:

(g) Have a management structure that has overall responsibility for performance and implementation of the entity's functions, including quality assurance procedures, and all relevant decisions relating to validation, verification and certification. The applicant operational entity shall make available:

(vi) Its procedures for handling complaints, appeals and disputes;

AND

Please also see 1.(e)

A. Complaints

142. During the course of its operation, the AE/DOE may receive a formal(written) and/or informal (verbal) expression of dissatisfaction from any sources, such as the client organization, general public or its representatives, government bodies, NGO's, etc, for any of the validation, verification and certification functions carried out by it.

143. All of these, except those that fit into the descriptions of disputes section and appeals section, should generally be termed as complaints.

144. The AE/DOE shall establish a documented procedure to manage, evaluate, take necessary corrective action and make decisions on complaints, and the documented procedure shall make available to the CDM secretariat and public. Upon receipt of a complaint, the AE/DOE should have a system for ascertaining if the complaint relates directly to the validation, verification and certification function it carried out, and if so, should promptly deal with the complaint.

145. The AE/DOE should also have a system for dealing with a complaint against the organization that has been validated, verified or certified by it, to ascertain whether the complaint does not directly reflect on the AE's/DOE's internal systems and processes. If so, then the same should be investigated for appropriate correction and corrective actions.

146. The AE/DOE should be responsible for all decisions at all levels of the complaints handling process. The personnel responsible for handling of complaints should be identified.

147. The complaints-handling procedure should include the following:

(a) The procedure for receiving the complaint, gathering and verifying all necessary information for evaluating the validity of the complaint, investigating the complaint and for deciding what actions are to be taken in response to it;

(b) Tracking and recording complaints, including actions undertaken in response to them;

(c) Ensuring that any appropriate correction and corrective action are taken;

(d) Safeguard the confidentiality of the complainant and subject of the complaint. This process shall be subject to requirements for confidentiality, as it relates to the complainant and to the subject of the complaint;

(e) Ensuring that the persons engaged in the complaints handling processes are different from those who carried out the validation or verification and certification activities;

(f) Acknowledging receipt of the complaint, providing the complainant a progress report where feasible; and

(g) Informing the complainant of the outcome of the investigation and the final notice of the end of the complaints handling process.

B. Disputes

148. The instances of disagreements between the AE's/DOE's validation and/or verification/certification team or any other AE/DOE personnel involved in CDM related functions and the project proponents should be termed as disputes. These would generally be with reference to the recommendations made by the relevant AE/DOE personnel at the stages of validation and/or verification/certification.

149. The responsibility for handling disputes shall be assigned to an appropriate authority in the AE/DOE management. Upon receipt of information regarding a dispute, the AE/DOE shall have a system for ascertaining the validity of the disputes.

150. If found valid, the AE/DOE should ensure a prompt action. The AE/DOE shall have a documented procedure, and the documented procedure shall make available to the CDM secretariat at the time of making application, for disputes handling that should address the following:

(a) The procedure for receiving information on disputes, gathering and verifying all necessary information for evaluating the validity of the dispute and for deciding what actions are to be taken in response to it;

(b) Tracking and recording disputes, including actions undertaken in response to them;

(c) Ensuring that any appropriate correction and corrective action are taken;

(d) Ensuring that the persons engaged in disputes handling processes are different from those whose actions led to the dispute;

(e) Acknowledgement of receipt, and providing the progress report where feasible; and

(f) Informing the disputed party the outcome of the investigation and the final decision on the subject matter.

C. Appeals

151. Appeals are generally against the various decisions taken by the AE/DOE in respect of its various activities, namely validation and/or verification/certification. The AE/DOE shall have a documented process to receive, evaluate and make decisions on appeals.

152. The management of the AE/DOE should be responsible for all decisions at all levels of the appeals-handling process.

153. It should also ensure that the persons engaged in the appeals-handling process differ from those who carried out the validation, verification or certification activities, were involved in review functions and made decisions regarding CDM project function at issue.

154. The AE/DOE should ensure that the submission, investigation and decision on appeals do not result in any discriminatory actions against the appellant.

155. The appeals-handling process shall include:

(a) An outline of the process for receiving, acknowledging and investigating the appeal after ascertaining its validity. Decision on actions to be taken shall take in to account all the relevant information available and gathered as part of investigation;

(b) Tracking and recording appeals, including actions undertaken to resolve them;

(c) Ensuring that, if the investigation points towards a non-conformance, then appropriate correction and corrective action are taken to plug the gaps in the system, especially if investigation points towards any gaps in the system;

(d) Providing the progress on appeal investigation and handling to the appellant and providing information/notice on final outcome; and

(e) Ensuring that the final decision shall be made by, or reviewed and approved by, personnel not previously involved in the subject of the appeal.

156. A documented procedure of the appeals-handling process shall be made available by the AE/DOE to the secretarial, and public.

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XI. Pending judicial processes

Appendix A of the CDM M&P

1. An operational entity shall:

(h) Not have pending any judicial process for malpractice, fraud and/or other function incompatible with its functions as a designated operational entity.

157. The AE/DOE shall not have any pending judicial process for malpractice, fraud and/or other function incompatible with its functions as an applicant/operational entity.

158. The AE/DOE shall maintain a record of all the judicial processes pending against it as well as information of any judicial cases held in the past. If the subject matter of the cases is such that it is incompatible with its functions as a DOE, then the same shall be duly reported for suitable actions.

159. Cases of malpractice, fraud, cheating in general and cases of wrong validation, verification and certification, instituted by any of the stakeholders, parties, governmental or non-governmental organization, etc, would be considered incompatible with functions of the AE/DOE.

160. It is the AE's/DOE's responsibility to inform the UNFCCC secretariat of any such case pending at the time of application and therefore at any time during its accreditation cycle if any such case is instituted against it.

XII. Safeguarding impartiality

Appendix A of the CDM M&P

2. An applicant operational entity shall meet the following operational requirements:

(a) Work in a credible, independent, non-discriminatory and transparent manner, complying with applicable national law and meeting, in particular, the following requirements:

(i) An applicant operational entity shall have a documented structure, which safeguards impartiality, including provisions to ensure impartiality of its operations

(ii) If it is 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 function, the applicant operational entity shall:

- Make a declaration of all the organization's actual and planned involvement in CDM project functions, if any, indicating which part of the organization is involved and in which particular CDM project functions;
- Clearly define the links with other parts of the organization, demonstrating that no conflicts of interest exist;
- Demonstrate that no conflict of interest exists between its functions as an operational entity and any other functions that it may have, and demonstrate how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all sources of conflict of interest, whether they arise from within the applicant operational entity or from the functions of related bodies;
- Demonstrate 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 functions, and that it complies with any rules applicable in this respect;

AND

Section E "Designated operational entities" of the modalities and procedures for a CDM 27. (d) Demonstrate that it, and its subcontractors, have no real or potential conflict of interest with the participants in the CDM project functions for which it has been selected to carry out validation or verification and certification functions;

A. General

1. Threats to impartiality

161. The operations of the AE/DOE shall be independent and free from any bias that may compromise its ability to make impartial decisions. Some of the activities of AE/DOE that should be considered potential threats to impartiality include (but not limited to) the following:

(a) Identification, development and/or financing of CDM project activities;

(b) Consultancy related to the establishment validation or verification and monitoring systems for CDM project;

(c) One to one training6 on CDM related and other topics;

(d) Marketing and tie-up promotion with CDM consultancy/financing organizations; and

(e) Offering/payment of commissions or other inducements for promotion or new business.

162. These threats can be posed by activities of AE/DOE or its personnel, by activities of related bodies, relationships with partner organization, consultants, and other circumstances. Some examples of potential conflict of interest that should be addressed by an AE/DOE are as follow (but not limited to):

(a) The AE/DOE or any of its related body is directly engaged in or is planning to engage in activities such as identification, development and/or financing of the CDM project activities; consultancy for establishing validation or verification and monitoring systems, training on CDM related topics, for the CDM project participant;.

(b) The V&V activities are performed by a part of a larger organization whereas another part of the same organization is involved in activities such as CDM consultancy, CDM financing, laboratory testing and calibration which may provide CDM services and PDD development.

(c) Use of personnel for validation, verification and certification of a CDM project function, who were previously associated with the project participants/proponents in a personal capacity or otherwise for any of the activities such as development, consultancy or training, etc or any other CDM unrelated activities; and

(d) Other organizational considerations such as performance targets in financial terms or in terms of a specific number of projects to be validated/verified during a period of time should also be considered as factors that potentially compromise impartiality.

2. Mitigation

163. The AE/DOE shall identify all potential threats and analyze the potential impact of these threats on the AE's/DOE's impartiality. The AE/DOE should have in place documented procedure that mitigate or eliminate threats to impartiality. The documented procedure should be in the form of:

(a) Prohibitions – Certain defined activities should not be carried out; and

(b) Restrictions – Certain defined activities should be carried out in a restricted manner with clearly defined control points to ensure mitigation.

164. The first step towards mitigation is the process of disclosing and documenting the types of activities carried out by the AE/DOE, its parent organization, affiliates, related bodies, in general and in particular regarding the CDM project activities, including development, financing, consultation, training, in a very transparent manner.

[6] Arranging open training sessions and participating in open training sessions as a trainer is not considered a GHG consultancy service, provided that (where the training relates to GHG quantification, GHG data monitoring or reporting, GHG information system or internal auditing services) it is confined to the provision of generic information that is freely available in the public domain. The trainer shall not provide organization-specific or project-specific advice or solutions.

B. Safeguarding impartiality

165. While describing the organizational structure, information regarding related entities and their functions and the relationship with the AE/DOE, also shall be clearly defined. This should cover all the relationships, such as:

(a) Relationships based on common ownership and governance, personnel;

(b) Shared resources, finances, and contracts;

(c) Marketing and payment of commission or other inducement for bringing in business or the referral of new clients, etc.

166. The AE/DOE itself or the larger entity of which it is a part or to which it is related may also be engaged in potentially conflicting functions such as identification, development or financing CDM project activities, providing consultancy for CDM validation, verification and monitoring functions, training the project participant towards the same. While documenting the organizational structure and describing its functions, the above aspects shall be clearly described and documented.

167. For the purpose of safeguarding impartiality the various situations encountered during the course of CDM activities shall be dealt with in the following manner.

(a) The AE/DOE should not undertake validation or verification if the AE/DOE or another part of the same legal entity has been engaged in any function that has been identified as direct threat to impartiality, such as those listed at **paragraph 161** above;

(b) The AE/DOE shall not subcontract validation/verification work to an organization that is engaged in the CDM related development, consultancy and financing function;

(c) The AE/DOE activities shall not be marketed or offered as linked with the activities of an organization that provides services in respect of development, financial assistance consultancy for CDM project function. The AE/DOE shall not state or imply that validation, verification and certification of a CDM project function would be simpler, easier, faster or less expensive if a specified consultancy/financing organization is used;

(d) To ensure that there is no conflict of interests, The AE/DOE should not use personnel who have been involved or had dealing with the CDM project participant organization in any way within the last two years, to take part in validation/verification work concerning the same organization. If the person in question was involved in the development of a CDM project function being validated and verified, then he should not be used at all. The AE/DOE is ultimately responsible for ensuring that there is no conflict of interest or threat to impartiality; and

(e) In respect of impartiality requirements concerning sub-contractors and committee, the same are detailed vide paragraph 69-71 and paragraph 74-77.

168. For safeguarding impartiality on a continuous basis, the AE/DOE shall also take the following measures:

(a) Identify and document its actual/proposed involvement in CDM activities other than validation/verification and carry out and document analysis of actual and potential risk to impartiality;

(b) Identify and document all other related bodies/organizations that are related and carry out and document a risk analysis of actual/potential risk to impartiality based on the conflict of interest including potential conflicts arising from any such relationships; and

(c) The AE/DOE shall have a documented structure, that safeguards impartiality. The documented structure as specified in paragraph 2(a)(i) of Appendix of CDM M&P for safeguarding impartiality in its operation shall be separate from the management established for the performance of the AE/DOE. Such a structure shall ensure participation of all stakeholder to counteract any commercial consideration that may compromise their CDM activities. This documented structure should be established at the highest level within the organization, independent of its day-to-day operations. The terms of reference, selection criteria and the mandate of this committee shall be documented and implemented. A complete record of the proceedings of this committee shall be maintained. This committee shall meet regularly to monitor, review and report on the impartial of the CDM activities and operations of the AE/DOE.

169. Examples of the additional good management practices that should be followed by the AE/DOE for ensuring impartiality in their operations:

(a) Have the top management's commitment to impartiality in validation and/or verification/certification functions as evidenced through defined policies and procedures, and operation and conduct of its activities;

(b) Make publicly available a statement that describes its understanding of the importance of impartiality in validation and/or verification/certification functions, how it manages conflict of interest and how it ensures the objectivity of validation and/or verification/certification functions;

(c) Evaluate sources of income and demonstrate that financial or other commercial factors do not compromise impartiality;

(d) Take action to respond to any threats to its impartiality arising from the actions of other persons, bodies or organizations;

(e) Require personnel, internal and external, to reveal any potential conflict of interest known to them. The AE/DOE should use this information as input to identifying threats to impartiality raised by the activities of such personnel or by the organizations that employ them, and shall not use such personnel, internal or external, unless any potential conflict of interests has been addressed and the measures taken to address these potential conflicts have been documented and implemented; and

(f) Maintain a professional environment and culture in the AE/DOE that supports behaviour of all personnel that is consistent with impartiality.

XIII. Confidentiality management

Appendix A of the CDM M&P

(2) (b) Have adequate arrangements to safeguard confidentiality of the information obtained from CDM project participants in accordance with provisions contained in the present annex.

170. The AE/DOE shall have a policy and mechanism to safeguard the confidentiality of information obtained or created during the course of validation and/or verification/certification functions, except where, Decision 3/CMP.1 or any other subsequent COP/MOP decision requires them to be made publicly available.

171. The personnel engaged by the AE/DOE shall also be bound by the above stated confidentiality requirements. There should be a mechanism such as obtaining signed confidentiality agreements, etc, for ensuring the same.

172. The AE/DOE shall not disclose information about a contracted client (project participant) that is not required to be made publicly available to a third party without the written consent of that client. Further, it shall inform the client, as appropriate, before releasing confidential information to a third party where required by law.

Annex A: List of sectoral scope

1. Energy industries (renewable - / non-renewable sources)
2. Energy distribution
3. Energy demand
4. Manufacturing industries
5. Chemical industry
6. Construction
7. Transport
8. Mining/Mineral production
9. Metal production
10. Fugitive emissions from fuels (solid, oil and gas)
11. Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride
12. Solvents use
13. Waste handling and disposal
14. Afforestation and reforestation
15. Agriculture

In accordance with the procedural guidelines, the CDM-AP adopted this list of sectoral scopes which is based on the list of sectors and sources contained in Annex A of the Kyoto Protocol. Scopes 1 to 9 are industrial sectors and 10 to 13 are sectors based on sources of GHG emissions. For some of these scopes there might be partial overlap in terms of knowledge and skills. This list may be further modified in accordance with the procedural guidelines.

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Annex 2

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

(Version 09)

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 (CDM-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 CDM-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 CDM-EB may revise this CDM accreditation procedure in the future. The CDM-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 web site. A revised CDM accreditation procedure supersedes any previous version of the procedure. Any revision of the procedure shall become immediately effective or an effective date decided by the CDM-EB.

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

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

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

(c) The **CDM accreditation panel (CDM-AP)** is responsible for preparing a recommendation to the CDM-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 also provides guidance, approves the work plan of each CDMAT and oversees the entire assessment process of each operational entity.

(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

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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 web site (http://unfccc.int).

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. In case where a DOE applies for additional sectoral scopes it is also considered as an AE.

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.

the CDM-AP. A CDM-AT shall possess the necessary competencies required to undertake the assessment activity[5].

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

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

(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.

(c) **Witnessing** by the CDM-AT of the performance of tasks by an applicant entity[6] 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 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, sector specific competencies that are essential to conduct validation and verification activities. 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 CDM-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 decided by the CDM-EB (See details in section B.6).

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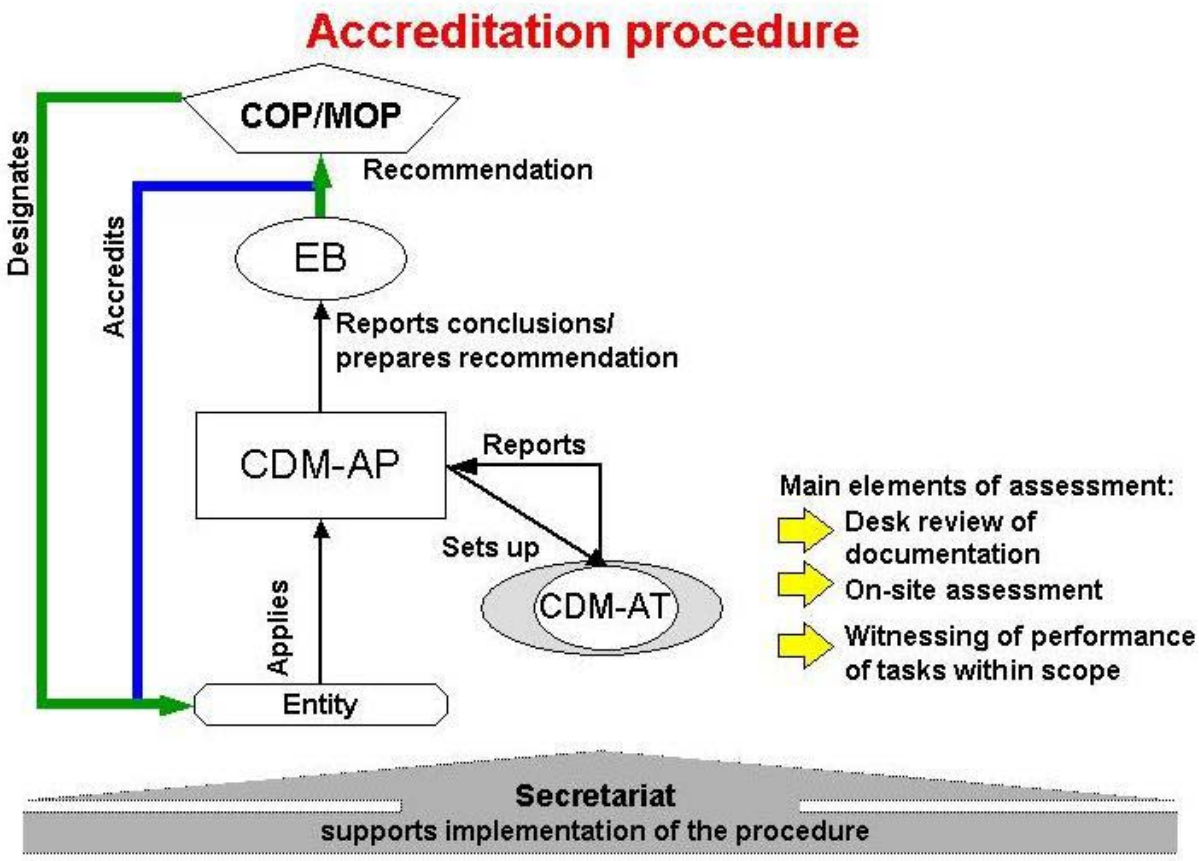
[5] For required competencies of the CDM-AT, see terms of reference of CDM-ATs <https://cdm.unfccc.int/Panels/accreditation/CallForExperts/index.html>

[6] 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 CDM-EBshall consist 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)"[7]) and determines the requirements it shall meet in addition to those determined in Appendix A to the CDM M&P.

[7] "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. **An AE/DOE may propose new sectoral scopes following the procedural requirement specified in the appendix 2 of this procedure.**

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[8]. The phasing of accreditation depends on the successful completion of a witnessing activity for a particular sectoral group and size (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 7 (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 any 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 all the sectoral scopes applied by the entity.

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)".

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

B.1. Accreditation

10. The accreditation procedure comprises[9] the following main steps:

(a) The application for accreditation by an entity;

(b) The completeness check of the application documentation by the secretariat;

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

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

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

(f) 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 functions;

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

(h) The recommendation on accreditation of the AE by the CDM-AP to the CDM-EB;

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[8] The CDM-AP has divided ~~the~~ **fifteen** sectoral scopes into **five** sectoral groups in order to facilitate the witnessing ~~——~~activities.

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

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

11. 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 documentations)[12]. Unless otherwise stipulated in the "CDM accreditation procedure", all information, communications and meetings shall be confidential.

12. 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 4 (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.

13. The secretariat shall undertake the completeness check of documentations 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. Subsequent steps of the accreditation procedure shall only continue once all missing documentation are received by the secretariat.

14. 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 4 (fees and costs)).

15. 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 appendix 2.

16. The secretariat shall prepare an application file and send it to the CDM-AP. The file shall contain:

(a) All application documentations;

(b) Secretariat completeness check of application documentation of the AE;

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

(d) A draft work plan.

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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.

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

18. 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) Determine the total number of required witnessing activities taking into consideration the sectoral scopes applied by the entity as well as particular issues identified in the workplan;

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

19. 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.

20. The secretariat shall inform the AE of the composition of the CDM-AT and required number of witnessing activities for their application. The AE may object, in writing to the CDM-AP within six (6) days, to member(s) of the CDM-AT identifying an alleged conflict of interest of the CDM-AT member(s).

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

B. 2 Desk Review

22. The secretariat shall launch the CDM-AT and establish a communication facility in order to undertake the assessment work.

23. The secretariat shall provide the CDM-AT with:

(a) All information related to the application;

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

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

25. The CDM-AT shall have 25 days from the receipt of the application documentation to prepare the desk review report and send it to the entity including any request for additional documentation through the secretariat.

26. The AE shall be informed of the missing and/or additional documentation. The AE shall send the documentation, required prior to the on-site assessment.

27. If the AE does not provide such documentation within 90 days of request, the application will be considered dormant and can be re-initiated only on submission of the documentations requested and payment of additional cost of the desk review.

28. The team leader, from the date of the receipt of the additional documentation, if requested, shall have twenty (20) days to complete the desk review report (F-CDM-DOR).

29. The final desk review report shall be made available to the AE through the secretariat at least fifteen (15) days before the on-site assessment.

B.3 On-site assessment

30. The team leader, taking into consideration the availability of the team members and the AE, shall coordinate the date for the on-site assessment. The on-site assessment shall be undertaken within sixty days of completion of desk review.

31. In case the on-site assessment of the AE has not taken place within 60 days due to non-availability of the AE, secretariat shall request the entity for their intention to proceed with their application for accreditation and reasons for delays.

32. The secretariat shall present the case to the CDM-AP at its next meeting for its decision. The CDM-AP, taking into consideration the explanation provided by the entity pertaining to paragraph 31 above , shall take one of the following actions:

(a) Grant a reasonable extension with a notification to the AE that no further extension shall be granted ;

(b) Reject the application and request for new application.

33. The secretariat shall coordinate the on-site assessment.

34. The on-site assessment shall consist of the following steps[14]:

(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 following the provisions contained in the form F-CDM-MA;

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

(i) Contained in the CDM M&P[15];

(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) Competency requirements related to validation and verification functions of the DOEs as stipulated in the CDM M&P;

(iv) Relevant decisions and clarifications issued by the CDM-EB and the CDM-AP[16];

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

[15] Contained in Appendix A to the Annex to the decision 3/CMP.1.

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

(v) [Elaboration of CDM Accreditation Requirements];

(vi) CDM- Validation and verification Manual.

(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 on the assessment report(s) at later steps as described in the "CDM accreditation procedure";

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

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

35. The CDM-AT, after completion of the on-site assessment, shall have twelve (12) days to prepare the draft on-site assessment report (F-CDM-DOR).

36. The AE, after the on-site assessment, shall have thirty (30) days to propose corrective actions to resolve non conformities, including timeframes for each action using the non-conformity form (F-CDM-NC), or to withdraw its application.

37. The CDM-AT shall assess the proposed corrective actions in eight (8) days. In case the proposed corrective actions are not accepted by the CDM-AT, the AE shall have (8) days to provide additional information and/or propose other corrective actions. Following additional information, where the corrective actions are still not accepted by the CDM-AT, the case shall be presented to the CDM-AP for decision. The CDM-AP may consider one of the below options:

(a) Accept the proposed corrective actions by the AE and instruct the CDM-AT to proceed with next steps;

(b) Reject the proposed corrective actions and determine the time frame for the AE to propose new actions;

38. If the proposed corrective actions are still not accepted by the CDM-AT within the timeframe determined by the CDM-AP, the case is closed and presented to the CDM-AP for its consideration and decision.

39. All actions identified and accepted by the CDM-AT shall be completed within 90 days from the date of the on-site assessment . If all corrective actions are not completed within 90 days, the case is presented to the CDM-AP for its consideration for the rejection of the application.

40. The CDM-AP shall make a recommendation to the CDM-EB on rejection of the application of the AE, at its next meeting.

41. Once the AE has submitted documentation affirming that it has completed the corrective actions identified, the CDM-AT shall have twelve (12) days to verify the implementation of all the actions to address non-conformities and prepare the draft preliminary assessment report (F-CDM-PR).

42. In case the implementation of corrective actions are not found satisfactory by the CDM-AT, the AE shall have thirty additional days to implement the corrective actions and submit further documentation.

43. 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 the AE site;

(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) An assessment of sufficiency and competencies of the AE resources in relation to the expected volume and nature of validation and verification work of the AE;

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

44. 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.

45. The CDM-AT shall have six (6) days to prepare its final assessment report (F-CDM-FR).

46. 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;

(d) An overall assessment of the AE of its ability to perform validation and verification functions.

47. The secretariat shall present the case for the consideration of the CDM-AP at its next meeting.

48. The CDM-AP shall decide whether to issue an indicative letter to the AE indicating the successful completion of the desk review and the on-site assessment. The letter indicates that the AE has

demonstrated to have a management system and necessary competencies in place. The indicative letter shall be valid for the period of two years from the date of issuance. The validity of the indicative letter is extended with the grant of accreditation in any sectoral scope and/or function.

49. The secretariat shall maintain a public list of AEs issued with indicative letters by the CDM-AP..

50. The secretariat shall also maintain a public list of dormant entities as referred in the paragraph 27 above.

B.4 Witnessing Activities

51. The number and sectoral scopes for witnessing activities shall be determined by the CDM-AP as per paragraph 18 (b).

52. The AE shall identify witnessing opportunity(ies) by filling in the form for identification of witnessing activities (F-CDM-WOI). Each witnessing activity 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 technical and methodological expertise as well as substantive decision-making capabilities of the AE.

53. 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.

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

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

56. Each CDM-AT member shall prepare a separate witnessing report within eight (8) days from the receipt of the witnessing documentation including the final validation report for validation functions and the final verification report for verification functions and submit to the team leader through the secretariat. The team leader shall prepare a consolidated witnessing assessment report[17].

57. 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) Its technical and methodological expertise Substantive decision making capabilities of the AE.

[17] 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

58. 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.

59. The CDM-AT shall, after each witnessing activity is completed, based on the witnessing report, prepare, within eight (8) 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;

(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;

(j) An over-all assessment of the AE of its ability to perform validation and verification functions.

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

61. The AE shallconsider the preliminary report of the CDM-AT and have thirty (30) days to identify corrective actions to resolve non-conformities, including timeframes for each action, or to withdraw its application.

62. The CDM-AT shall approve all identified corrective actions within eight (8) days of receipt of proposed corrective actions. In case the identified corrective actions are not accepted by the CDM-AT, the AE shall have another opportunity to provide additional information and/or identify other corrective actions. In case of still not accepted by the CDM-AT, the case shall be presented to the CDM-AP for decision. The CDM-AP may consider one of the below options:

(a) Accept the proposed actions by the AE and instruct the CDM-AT to proceed with next steps;

(b) Reject the proposed actions and determine the timeframe for the AE to propose new actions;

63. If the proposed corrective actions are still not accepted by the CDM-AT within the timeframe determined by the CDM-AP, the case is closed and presented to the CDM-AP for its consideration and decision.

64. All actions identified and accepted by the CDM-AT shall be completed within 90 days from the date of the on-site assessment . If all corrective actions are not completed within 90 days, the case is closed and presented to the CDM-AP for its consideration for the rejection of the application.

65. The CDM-AP shall make a recommendation to the CDM-EB on rejection of the application at its next meeting.

66. All actions identified and accepted by the CDM-AT shall be completed within 90 days from the date receipt of the witnessing reports and non-conformity reports. If all corrective actions are not completed within 90 days, the case is closed and presented to the panel for consideration for its rejection.

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

68. The CDM-AT shall have twelve (12) 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.

69. The AE shall have the opportunity to comment within seven (7) days on the final preliminary assessment report.

70. 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) An over-all assessment of the AE of its ability to perform validation and verification functions.

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

71. The CDM-AP shall consider the final assessment report by the CDM-AT and other supporting documentation at its next meeting and agree on the recommendation to the CDM-EB. The recommendation from the CDM-AP shall be whether to:

(a) Accredit the AE for specified sectoral scope and function; or

(b) Not accredit the AE for specified sectoral scope and function.

72. The CDM-AP shall inform the AE of its recommendation. The AE shall have six (6) days to appeal against this recommendation or to withdraw its application. An appeal shall be addressed to the CDM-EBCDM-CDM-EB in accordance with the provisions contained in Appendix 3 (Appeals procedure).

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

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

75. The CDM-EB shall decide whether to:

(a) Recommend, by accrediting the AE to the COP/MOP for designation[18] as an operational entity specifying the "sectoral scope(s)"; or

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

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

77. The accreditation of the operational entity for any "sectoral scope" shall be valid for three (3) years from the date of accreditation by the CDM-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.

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

B.5 Regular Surveillance

79. 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.

80. 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 89 (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

[18] See footnote 6

DOE with the quality assurance and quality control aspects in carrying out validation and verification/certification functions.

81. 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.

82. 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.

83. 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.

84. 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.

85. The secretariat coordinate the regular surveillance visit.

86. On approval by the CDM-AP, the team leader shall prepare a work plan. The work plan shall contain as a minimum:

(a) A preliminary view of assessment of witnessing documentation;

(b) Identification of particular issues to be focussed in the assessment;

(c) Details of assessment activities such as time and plan for opening and closing meetings, interviews with experts and staff of the AE and details of follow-up actions;

87. The assessment plan shall be shared with the DOE at least ten (10) days before the date of the assessment.

88. 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.

89. 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 CDM-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) Its technical and methodological expertise with regard to the specific sectoral scope(s);

(vi) 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 CDM-AT 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:

(i) The DOE shall have opportunities to provide comments on the assessment report(s) at later steps as described in the "CDM accreditation procedure";

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

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

90. 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.

91. The team leader, after completion of the regular surveillance visit, shall have ten (10) days to prepare the draft assessment report (F-CDM-SUR).

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

93. 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.

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

95. The CDM-AP may recommend to the CDM-EB to maintain the accreditation of the DOE;

96. The CDM-AP, in case the non-conformities are not closed within the deadline, may :

(a) grant an extension to the deadline for the closure of the non-conformities; or

(b) recommend to the Board to suspend the DOE.

97. 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")

98. The CDM-EBCDM-CDM-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.

99. The consideration by the CDM-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 CDM-EB by:

(i) Another DOE;

(ii) An NGO accredited with UNFCCC;

(iii) A stakeholder[19].

100. Once the CDM-EB has decided to conduct a "spot-check", the CDM-EB shall agree on the scope of the spot check and inform the CDM-AP. The scope of the spot-check agreed by the Board shall include, inter alia, following:

(a) Identification of site of the spot-check (premises of DOE and/or CDM project activity site and/or off-site desk review assessment).

(b) Specific aspects to be focussed in the spot-check assessment. These aspects may include, but not limited to:

[19] 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.

(i) Quality and operational management of the DOE in relation to its continual suitability for performing validation and verification functions;

(ii) Institutional and organisational structure of the DOE, in particular, for providing validation and verification functions in an independent and impartial manner;

(iii) Competencies of the DOE to ensure providing all aspects of validation and verification functions in a quality and competent manner.

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) Decide on the basis of available information and depending gravity of the case,

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

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

(d) To agree on the site to conduct spot-check and the duration.

101. In case of undertaking the spot-check at the CDM project activity site, the CDM-AP, through the secretariat, may:

(a) Send a notification to the DOE and respective project proponents before the spot-check visit;

(b) Request the DOE to undertake other necessary arrangements with project participants.

102. The concerned DOE shall pay the cost of a "spot-check" in accordance with the Appendix 4 (fees and costs). (CDM-AP may recommend to CDM-EB that the cost of the spot check is absorbed by CDM-CDM-EB if they decide that the spot check initiation was not justified)

103. "Spot-checks" shall be carried out as follows:

(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 decided by the CDM-EB and elaborated by the CDM-AP.

104. (c) The CDM-AT shall undertake the spot-check assessment and prepare reports within five (5) days after the date of the assessment and submit to the CDM-AP. The spot-check report shall contain, as a minimum, the following:

(i) Spot check assessment report;

(ii) A description of non-conformities identified;

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

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

(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.

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

(a) The CDM-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 CDM-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.

106. 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 CDM-EB in its decision.

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

108. The CDM-AP shall consider the reports and submit to the CDM-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.

109. The CDM-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.

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

111. 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

112. The DOE shall apply for re-accreditation nine (9) months before the expiry of its accreditation. Failure to apply may lead to withdrawal of accreditation status at the expiry of the accreditation. The DOE shall submit to the secretariat, along with its application of re-accreditation, the documentation listed in appendix 1.

113. 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.

114. The activities to be undertaken by the CDM-AT in the re-accreditation process shall include desk review 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.

115. In determining the number of witnessing activities, the CDM-AP shall ensure that DOEs continue to comply with CDM-accreditation requirements. Furthermore, emphasis shall be on sectoral scopes where the DOE had not performed well in the previous accredited period.

116. The number of witnessing activities shall be determined on the basis of following considerations:

a. One sectoral scope from each accredited sectoral group will be chosen. The selection of a specific sectoral scope within an accredited group will be based on the volume of the work performed by the DOE;

b. The sectoral Scopes for which the DOE had requests for review, reviews or rejections will be selected. If an entity had requests for review, reviews or rejections in both functions (validation and verification) for the same sectoral scope, depending on the case, either both functions will be selected, or the most complexe function in that scope will be selected if the other function for the scope is already chosen for the first criteria (a).

117. The CDM-AP shall decide the required number of witnessing activity(ies) based on the above criteria. All required witnessing activities shall be completed within the period of one year after the on-site assessment by the entity.

118. The provisions of section B4 of this procedure regarding the monitoring and the conduct of witnessing activities shall apply.

119. 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/documentation, if required.

120. 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 CDM-EB making a decision regarding recommending re-designation, reduction of "sectoral scope(s)", suspension and withdrawal of a DOE based on the recommendation of the CDM-AP.

121. 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.

122. The provision on timelines for undertaking desk review and on-site assessment and witnessing activities for the assessment teams and DOE shall apply as specified in sections B2 , B3 and B4.

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

123. 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 to B.4 shall apply. The Appendix 1 (application documentations) specifies the documentation to be submitted by a DOE requesting additional "sectoral scope(s)".

124. 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.

125. 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.

126. The recommendation of the CDM-AP to the CDM-EB, referred to in the procedural steps for accreditation (see section B.1 to B.4.), shall distinguish between accreditation for additional "sectoral scope(s)" and, if applicable, re-accreditation.

B.9 Notification on change of status of an AE/DOE

127. An AE/DOE shall, three months 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.

128. 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 4 (fees and costs).

129. 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.

130. 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 documentations

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

(a) Documentation on its legal entity status (either a domestic legal entity or an international organization) *(CDM M&P[20])*;

(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)*;

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

(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 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. The DOE shall also submit pre-filled desk review and on-site assessment form (F-CDM-DOR) as part of self-assessment of its completion of application documentation.

3. 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[21] required for accreditation ensuring that all information available to the CDM-EB and the CDM-AP reflects the most up-to-date state of information.

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

Appendix 2

Procedure to develop the list of "sectoral scopes" of accreditation

1. In accordance with paragraph 5 (f) (ii) of the CDM M&P, the CDM-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".

2. An AE/DOE may propose new "sectoral scope(s)" which it applies for.

3. 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.

4. 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.

5. 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 to B.4) by considering the application file. The newly defined "sectoral scope(s)" shall be registered in the list of "sectoral scopes".

6. 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:

      [(a) The new "sectoral scope(s)";

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

      [(c) The composition of the CDM-AT.

7. In accordance with the accreditation procedure, the AE shall reply in writing within eight (8) 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.

8. 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".

9. 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.

10. The DOEs/AEs shall be given an opportunity to apply for a new sectoral scope(s) within 90 days, 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 4 (fees and costs).

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

Appendix 3

Appeals procedure

1. After being informed of a recommendation by the CDM-AP to the CDM-EB, an AE/DOE shall have the opportunity to appeal against the recommendation within seven (7) days. Appeals after the seven (7) 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 CDM-EB of the appeal.

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

(a) The appeal submitted by the AE/DOE;

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

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

6. The CDM-EB shall establish an appeal panel of three members.

7. The appeal panel shall assess whether the appeal by an AE/DOE relates to a question related to the qualification of the CDM/AT and/or compliance with procedures. Where the appeal panel concludes that a question related to the qualification of the CDM/AT and/or compliance with procedures has not been substantiated, the appeal panel shall make a recommendation to the CDM-EB without undertaking the review of conduct of the assessment activity.

8. Where the appeal panel concludes that a question related to the qualification of the CDM/AT and/or compliance with procedures has been substantiated, 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 of the CDM-EB at its next meeting .

10. The CDM-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. Following the decision of the CDM-EB, the secretariat shall made available a copy report of the appeal panel to the AE/DOE.

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

Appendix 4

Fees and costs

1. This appendix provides the structure for fees[22] 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 appendix 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[23]. 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.

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

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

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

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[24]. 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:

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

(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.

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-five (25) 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 5

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-DOR-ReA = Desk review and on-site assessment report for re-accreditation
- 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 6

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~~CDM-EB		Executive Board of the clean development mechanism
UNFCCC		United Nations Framework Convention on Climate Change

Appendix 7

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 3

Proposals from the CDM Accreditation Panel on Addressing Issues of Quality of Evidence

CONTENTS

I. Background

1. The CDM Executive Board, at its thirty-seventh meeting, in consideration of synthesis report of annual activity reports by designated operational entities (DOEs), took note of, inter alia, incidents of attempts of falsification of documents by project participants, as reported by some entities in their annual activity reports. The Board took note of the conclusion of the CDM accreditation panel (CDM-AP) that these issues merit further consideration by the CDM-AP and requested the CDM-AP to submit proposals and suggestions for the consideration of the Board.

2. The CDM-AP following the request from the Board sought further details from the AEs/DOEs, through AE/DOE Coordination Forum on the incidents of falsification attempts. Based on the details received from the AE/DOE coordination Forum and looking into practices in other comparable sectors and practices and further looking into relevant guidance and decisions taken by the Board, the CDM-AP agreed to bring these aspects for the attention of the Board.

II. CDM Requirements

3. The validation and verification activity of the DOE involves assessment of precision of information, verifying the accuracy and reliability of the data and applying professional judgment and skepticism in evaluating the evidences presented. The Board, taking these aspects into consideration, at its seventeenth meeting, decided that AEs/DOEs shall take full responsibility for the quality of their work and shall therefore not include any disclaimers in documentation submitted to the Board.

4. Further, the Board, at its twenty-third meeting, took note of the verification of the authenticity of the uncertainty levels and instruments are to be undertaken by the DOE during the verification stage. Under these requirements by the Board the DOEs are under obligatory requirements to take the full responsibility of their validation and verification results.

5. An analysis of the relevant practices among international organizations, for example IFA[1], an assurance engagement rarely involves the full authentication of documentation/information, nor is the practitioner trained as or expected to be an expert in such authentication. However, the practitioners are expected to consider the reliability of the information to be used as evidence and make use of reliable sources for ascertaining the accuracy of the information.

6. Similarly the nature of functions of DOEs call for such authentication practices for evaluating the information. The Board may wish to note that the draft validation and verification manual provides guidance to the DOEs in various aspects to ensure accountable evidence and evaluating the information submitted by the project participants. A list of key provisions is provided below:

(a) For the quality of evidence, the DOE shall assess the adequacy of the data collection and /or quality management system, and the DOE shall only certify emission reductions that are based upon verifiable evidence.

(b) Information in the validation/verification reports shall be presented in an open, clear, factual neutral and coherent manner based on documentary evidence.

(c) The DOE shall base their findings and conclusions upon objective evidence and shall conduct all activities in connection with the validation and verification processes in accordance with the rules and procedures of the COP/MOP and the CDM Executive Board.

[1] Handbook of International Auditing, Assurance and Ethics Pronouncements, Part I, March 2008, International Federation of Accountants.

(d) The DOE shall apply uniform criteria to expert judgments, over time and among projects to achieve consistency principle.

7. The Board, however, may wish to provide further guidance to the DOEs in order to further strengthen the need for reliability and accuracy of the information and data:

(a) The application of audit trail and cross checking of data sources and evaluating of information shall be applied as referred in various sections of the VVM;

(b) AEs/DOEs should have their own policies and procedures to ensure the accountable evidence provided by project participant;

(c) The quality assurance and quality control measures by the DOEs should specifically include these elements;

(d) The validator/verifier should use expert judgment and professional skepticism in assessing the evidence provided by project participant to ensure its accountability in order to support the validation and/or verification opinion.

8. In addition the Board may wish to request project participants and stress the need for accurate and reliable information and data in the development of project design documents and submission of other supporting documentation to the DOEs for undertaking their functions.

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