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

Fortieth Meeting of the CDM-AP

25 –27 February 2009

CONTENTS

I. Introduction

1. This thirtieth progress report covers the period from 16 January 2009 to 27 February 2009. During this period the accreditation panel (CDM-AP) held one meeting.

II. Expert Resources

2. The CDM-AP undertook a review of status of the roster of experts, new applicants as well as information on the performance of current assessment team members. The CDM-AP considered the evaluation of new applicants and agreed to roster them accordingly. With regard to information on evaluation of team members accumulated through feedback from the applicant entities and timeliness and responsiveness of team members involved in various assessment exercises, the CDM-AP requested the secretariat to present this information in a more synthesize manner. The CDM-AP agreed to consider this information at its next meeting.

III. Status of applications

3. The total number of active applications currently under consideration by the CDM-AP is forty (40). It may be noted that a total of four (4) applications are withdrawn and one (1) have been rejected by the Executive Board.

4. In terms of geographical distribution out of the forty (40) applications under consideration, highest number of applications is from Asia and Pacific region - twenty (20), followed by Western Europe and Other regions - eighteen (18), and two (2) applications are from Latin America and Caribbean region. Nine (9) applicants from the Asia and Pacific region, two (2) from Latin America and Caribbean region are from Non-Annex I Parties (Republic of Korea - four (4), Malaysia - two (2), China - four (4), Colombia, and Brazil). Thus a total of eleven (11) applications are from Non-Annex I Parties.

5. The Executive Board may wish to note that the CDM-AP has issued indicative letters to thirty-four (34) 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 thirty-four (34) entities, eighteen (18) entities are already accredited for validation functions and eight (8) for verification functions, covering a wide range of sectoral scopes. There is at least one (1) DOE for each sectoral scope. It also indicates that there are fourteen (14) 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, five (5) entities are implementing corrective actions. Six (6) entities are undertaking witnessing activities for validation functions and four (4) for verification functions.

IV. Indicative letters and recommendations for accreditation

7. The CDM-AP considered a case of issuance of indicative letter and after deliberations agreed to issue an indicative letter to the entity “ERM Certification and Verification services Limited (ERM CVS)”. The CDM-AP also considered three cases of phased accreditation in this meeting and after deliberations agreed to seek some further information on two cases. The recommendation of the CDM-AP on one case has been submitted for the consideration of the Executive Board under confidentiality.

8. The CDM-AP also considered the case of the entity under spot-check and following the decision of the Board at its forty-fifth meeting agreed on selection of project activities for monitoring purposes. Furthermore, one case of regular surveillance of an entity was considered and the CDM-AP agreed on further steps in the process.

9. In addition, the CDM-AP considered several other specific cases of entities relating to changes in the organizational structures and requested the secretariat to undertake appropriate actions.

V. Other recommendations

10. The CDM-AP, following the request of the Board at its forty-fifth meeting has revised the document "Elaboration of CDM accreditation requirements" for the consideration of the Board. The revised document is contained in annex 1 of this report.

11. Following the request of the Board, the CDM-AP, at its forty-fifth meeting, has revised the CDM accreditation procedure for the consideration of the Board. The revised procedure is contained in annex 2 of this report.

12. The CDM-AP held a discussion on training needs for assessment team members and agreed to hold a training session in conjunction with the CDM joint workshop in April. This training session is aimed to provide information and explanations and exchange views with assessment team members on accreditation requirements stipulated in the elaboration of standard document and discuss ways and means to improve the assessment reporting. The assessment team members will also be briefed on revision of the accreditation procedure. The CDM-AP also discussed the long-term training needs for the assessment team members and considered the option for establishing an on-line training facility for this purpose. The secretariat has been requested to further look into this option and submit a concrete proposal for the consideration of the CDM-AP at its next meeting.

VI. Key issues under consideration

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

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

(b) Policy framework for addressing DOEs non-compliance with accreditation requirements in a systematic manner;

(c) Preparations for making a call for project design documents to be utilized in assessing the performance of AEs;

(d) Development of model studies and projects to be utilized during the on-site assessment in order to assess the competencies of AEs to undertake validation and verification functions in specified sectoral scopes;

(e) Modalities of cooperation with Joint Implementation accreditation process, allowing both processes to share information and experiences among each other.

VII. Further schedule of the CDM-AP

14. The Board may wish to note that forty-first meeting of the CDM-AP is scheduled on 29 April – 1 May 2009, in Bonn, Germany.

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Annex 1

Elaboration of CDM Accreditation requirements

CONTENTS

I. Abbreviations

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

II. Introduction

A. Objective and scope

1. The purpose of this document is to facilitate and promote common understanding and consistent implementation of the CDM accreditation requirements by providing users with a compilation of all the CDM accreditation requirements in a single document.

2. The CDM accreditation standards described in Appendix A to Decision 3/CMP.1 (CDM M&P) specify the requirements applicable to AEs and DOEs. An AE/DOE shall also comply with the requirements described in other sections of the CDM M&P and in the decisions and/or clarifications issued by COP/MOP and the CDM EB as detailed below in paragraph 7. The text of each requirement described in Appendix A to the CDM M&P and related references in the CDM M&P is provided in a text box and the relevant elaboration of each such requirement is provided immediately after the text box.

3. For mandatory provisions, the term "shall" is used throughout this document. The term "should" is used for indicating a typical means for meeting a requirement, and if the AE/DOE uses alternative means, it shall provide a suitable and adequate justification for the alternative means.

B. Terms and definitions

4. The definitions provided in the "Glossary of CDM terms[1]" shall apply. For terms specific to the CDM accreditation process that are not defined in the "Glossary of CDM terms" the definitions below shall apply.

5. CDM accreditation: Formal confirmation by the CDM EB of an AE's/DOE's institutional capacity and competence to carry out the CDM validation and/or verification/certification functions[2] in accordance with CDM accreditation requirements.

6. CDM requirements: The CDM requirements include the CDM modalities and procedures and subsequent decisions by the CMP and documents released by the CDM Executive Board and available on the UNFCCC CDM website.

7. CDM accreditation requirements: The CDM accreditation requirements are described in the following documents:

(a) Appendix A to 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; and

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

[2] In accordance with the CDM M&P DOEs shall perform CDM validation and verification functions. The requirements for the DOEs to perform these functions are defined in the CDM validation and verification manual. AEs, seeking their accreditation, shall integrate the provisions of the validation and verification manual into their quality management systems.

(e) Relevant decisions issued by the COP/MOP and/or the CDM EB including relevant provisions of the accreditation procedure.

8. Complaints: Formal (written) and/or informal (verbal) expressions of dissatisfaction regarding the performance of an AE/DOE in relation to its CDM function, from any source, such as the CDM client's organization (CDM PP), the general public or its representatives, government bodies, NGOs, etc.

9. Disputes: Disagreement between an AE/DOE and the project participant regarding an AE's/DOE's recommendation and/or opinions/decisions made at various stages during the validation and/or verification/certification functions[3].

10. Appeals: A CDM client's organization (CDM PP) request for a review by an independent body of various decisions taken by an AE/DOE in respect of validation, verification/certification functions[4].

11. Related body: An organization and/or body related to an 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.

12. Validation/verification team: One or more validators and/or verifiers performing validation and/or verification/certification functions[5]. The validation/verification team may be supported by technical experts. One validator/verifier must be appointed as the validation /verification team leader.

13. Validator/verifier: A person with competence to perform the validation/verification activity in a validation/verification team.

14. Technical expert: An expert who provides specific knowledge or experiences to the validation/verification team, and a technical expert who does not act as a validator/verifier in the validation/verification team.

15. Designated operational entity (DOE): An entity designated by the COP/MOP, based on the recommendation by the CDM EB, as qualified to validate proposed CDM project activities as well as verify and certify reductions in anthropogenic emissions by sources of GHG (greenhouse gases) and net anthropogenic GHG removals by sinks. A DOE shall perform either validation or verification/certification functions[6] related to a CDM project activity. Upon request, the CDM EB may however allow a single DOE to perform all these functions for a single CDM project activity.

16. Non-conformity: Non-fulfilment of the CDM accreditation requirements.

17. Corrective action: Action to eliminate a detected non-conformity and the cause of a detected non-conformity.

18. Preventive action: Action to eliminate the root cause of a potential non-conformity or other potential deviation situation.

[3] See footnote 2.
[4] See footnote 2.
[5] See footnote 2.
[6] See footnote 2.

III. Legal issues

Appendix A to 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;

19. An AE/DOE shall be a legal entity under 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.

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

(a) The accreditation shall be granted to a legal entity irrespective of whether the entire organization or a part of it performs the validation/verification functions[7];

(b) The accreditation shall be confined to the functions, scopes and site assessed by the CDM-AT as identified by an 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[8] are carried out only by a part of a legal entity, the CDM AT shall examine all other activities of the legal entity that might affect its CDM operations, in particular, for potential conflicts of interest, independence and impartiality; and

(d) If an AE/DOE decides to delegate some of its functions to other sites[9], in accordance with the Annex A of this document, it shall establish the contractual arrangements with those sites. The central office shall assume full responsibility for decision-making regarding validation, verification and certification, as well as quality assurance and control. Such sites may be subject to assessments.

IV. Human resources and competence

[7] See footnote 2.
[8] See footnote 2.
[9] The other sites can include branches of the same legal entity and offices of an entity belonging to the same group.

Appendix A to 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

21. An AE/DOE shall have documented procedures to determine sufficient resources with the necessary competence in order to meet the CDM accreditation requirements related to the validation and/or verification/certification functions[10] that the AE/DOE undertakes or proposes to undertake.

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

[10] See footnote 2.

23. An AE/DOE shall have internal resources for core functions defined in paragraph 92.

24. The sufficiency of resources should be evaluated at least annually based on the different technical areas within the CDM sectoral scopes[11], geographical locations of projects and expected volume of its validation and/or verification/certification functions[12]. This evaluation may be based on past performance, future business projections and specific technical areas of all relevant sectoral scopes listed in the "List of sectoral scopes"[13].

25. The evaluation should enable an AE/DOE to plan and demonstrate that required human resources remain sufficient for its validation and/or verification/certification functions[14].

26. The personnel carrying out validation and/or verification/certification functions[15], irrespective of whether employed full time or part time on contract, shall be under the supervision of a responsible senior executive of an AE/DOE.

27. An AE/DOE may fulfil the requirements for sufficient resources either through internal resources or by employing individuals on a contract basis (validators, verifiers and/or technical experts).

B. Competence

1. General

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

29. An AE/DOE shall ensure the availability of technical expertise for specific CDM technical and methodological aspects, in particular, knowledge and understanding of the items specified in paragraph 1.(f)(i) through (vi) of Appendix A to the CDM M&P.

30. An AE/DOE shall also ensure knowledge and understanding of the CDM requirements, including the skills to perform validation/verification, and personal attributes to act in accordance with the applicable auditing principles, procedures and techniques.

2. Competence for management functions

31. An AE/DOE shall demonstrate its commitment to the implementation of the CDM validation and/or verification/certification functions[16].

32. The AE/DOE shall ensure that its management is competent to:

(a) Assess the human resource requirements;

(b) Qualify the personnel;

(c) Allocate the personnel;

[11] Please refer to the Annex B of this document for the list of sectoral scopes.
[12] See footnote 2.
[13] List of sectoral scope (CDM-ACCR-06) <http://cdm.unfccc.int/DOE/scopelst.pdf>
[14] See footnote 2.
[15] See footnote 2.
[16] See footnote 2.

(d) Assess applications and conduct of contract reviews;

(e) Select validation and/or verification/certification team members and independent technical review personnel; and verification of their competence;

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

(g) Supervise implementation of validation and/or verification/certification procedures;

(h) Decide on validation and/or verification/certification functions[17];

(i) Manage all functions of AE's/DOE's including impartiality related activities; and

(j) Implement overall quality management system.

3. Competence for Validation/verification team

33. An AE/DOE shall ensure that individual validator/verifier meets the following competence requirements:

(a) The ability to apply the knowledge and understanding described below, gained through the education, work experience, auditor training and the CDM related work experience described in paragraph 43; and

(b) The personal attributes[18] and application of auditing techniques.

34. An AE/DOE shall ensure that members of validation/verification team collectively have knowledge and understanding in the following areas:

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

(b) In relation to the CDM project activities, the technical processes, the 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 an AE/DOE is active or plans to be active;

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

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

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

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

[17] See footnote 2.

[18] 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.

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

35. In addition to the above areas of knowledge and understanding, validators/verifiers shall possess personal attributes that would enable them to apply relevant 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 prioritise 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 designated team leader shall have the following additional knowledge and skills in team leadership to facilitate the efficient and effective conduct of the validation/verification functions[19]:

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

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

(c) Manage the validation/verification functions[20] and lead the team to reach conclusions on various aspects of validation/verification process; and

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

4. Competence for independent technical review

38. An AE/DOE shall ensure that the personnel involved in independent technical review have knowledge relevant to the specific sectoral scope and project activity being validated and/or verified/certified.

C. Management process of human resource

1. Initial competence analysis

39. An AE/DOE shall conduct and document an initial competence analysis in response to the evaluated needs for each technical area within the sectoral scopes in which it operates or proposes to operate. This analysis shall provide the basis for determining specific competence requirements for management functions and the validation/verification team.

[19] See footnote 2.
[20] See footnote 2.

40. This competence analysis should cover the following:

(a) General CDM Aspects

The 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

The 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 an AE/DOE applies to operate.

(c) Detailed technical aspects

The 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

The regulatory 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

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.

41. An AE/DOE should integrate this analysis into training of its personnel, improvement of its quality management system and procedures for carrying out validation and/or verification functions[21].

2. Ensuring competence of personnel

i. Validation/verification team members

42. An AE/DOE shall demonstrate how its personnel have acquired the required competence, as determined through the competence analysis, before qualifying them for relevant functions.

[21] See footnote 2.

43. Initial evaluation of validators and verifiers may include the consideration of the following criteria:

(a) Relevant formal education;

(b) Specific work experience in the field as described in paragraphs 34-37. 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 paragraphs 34-35 above; and

(d) Participation in validation and/or verification functions[22] under the guidance of a qualified validator/verifier on CDM or other areas.

ii. Validation/verification team leaders

44. In addition to the skills described above, an AE/DOE shall ensure that the team leader has experience and expertise typically gained under the direction and guidance of another validator/verifier, already qualified as a team leader, for a minimum of two validation/verification functions[23]. This experience may also have been gained by acting in the role of a team leader in other areas.

3. Maintenance and improvement of competence

i. General

45. An AE/DOE personnel involved in validation/verification functions[24] shall demonstrate their continual professional development[25]. An AE/DOE shall establish a system and resources for maintaining and updating competencies to keep current with new requirements. The system should take into account technological changes and changes in CDM requirements.

ii. Evaluation and ongoing monitoring

46. An AE's/DOE's management shall have a documented procedure for ensuring satisfactory performance of all personnel involved in CDM activities on an ongoing basis, including 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. This procedure should include review of validation/verification reports and feedback from stakeholders

47. 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. In particular, an AE/DOE should review the performance of its personnel in order to identify training needs.

iii. Training

[22] See footnote 2.
[23] See footnote 2.
[24] See footnote 2.
[25] 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.

48. An AE/DOE shall have a documented procedure for identifying training needs on a regular basis taking into account new technical and regulatory needs. An AE shall provide the documented procedure available to the CDM secretariat with its application.

49. An AE/DOE shall establish and maintain a procedure for evaluating the effectiveness of the training and update it accordingly.

4. Competence requirements for composition of validation/verification teams

50. An AE/DOE shall establish a procedure for the selection of validation/verification team members that ensures that the validation/verification team collectively has the required competencies in the technical, methodological and sectoral aspects of specific CDM project activities.

51. 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.

52. The technical expert shall be familiar with an AE's/DOE's procedures for CDM validation/verification functions[26] and shall have access to an up-to-date set of documented procedures giving relevant instructions and information on the CDM activities.

5. Qualification of the validators/verifiers for technical areas within the sectoral scope

53. An AE/DOE shall have a documented procedure for qualification of the personnel involved in validation/verification functions[27] for technical areas within the sectoral scopes.

54. The qualification system shall include the following criteria:

(a) Direct working experience, gained through employment, involvement in consultancy or project development in a specific technical area within a sectoral scope; and

(b) For additional technical area, observation of at least two validation or verification activities within the sectoral scope.

6. Use of external validators, verifiers and technical experts

55. An AE/DOE shall establish procedures for engaging individuals on a contract basis (validators, verifiers and/or technical experts) as provided for in paragraph 27 to fully comply with its policy and the quality management system.

56. The procedures shall require having a written agreement from the external individuals to comply with the AE/DOE's policies and procedures. The agreement shall address confidentiality and independence from commercial and other interests. The agreement shall also require external individuals to notify the AE/DOE of any existing or prior association with any CDM PP they may be assigned to validate/verify as well as actual or potential involvement in identification, development or financing of CDM activities.

[26] See footnote 2.
[27] See footnote 2.

57. The relevant requirements with respect to competence evaluation and qualification, training and monitoring as defined under paragraphs 33-37 and paragraphs 42-49, should also apply to these external individuals.

7. Recruitment

58. An AE's/DOE's management shall establish, document and implement appropriate system for recruitment/deployment and training of personnel so as to ensure their initial competence as stated above. An AE shall provide the documented procedure available with its application.

59. The AE/DOE shall maintain relevant records related to recruitment.

8. Subcontracting

60. An AE/DOE may subcontract to another legal entity. An AE/DOE shall not subcontract any management functions, including the decision-making, as specified in paragraph 92. The AE/DOE shall be responsible for the outcomes of the subcontracted work to comply with the requirements specified in the CDM M&P, the decisions of the COP/MOP and the CDM EB. The AE/DOE shall obtain prior consent of its clients for the use of a subcontractor.

61. The AE/DOE shall ensure that the subcontracted entity meets the requirements for validation and/or verification functions[28] contained here and in other relevant documents. The AE/DOE shall provide documentation on evaluation of its subcontractors to the CDM-AT during assessments.

9. Personnel records

62. An AE/DOE shall maintain up-to-date personnel records of management and administrative personnel and the personnel performing the CDM validation /verification functions[29] including those external to the AE/DOE. These records shall include relevant qualifications, training, experience, affiliations, professional status, and any consultancy services that may have been provided, as specified by paragraphs 101-104.

V. Liability and finance

Appendix A to 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;

[28] See footnote 2.
[29] See footnote 2.

A. Financial stability

63. An AE/DOE shall demonstrate that it has the financial resources and stability required for its operations of CDM related activities through:

(a) Evidence of financial resources including previous 3 years financial statements for companies existing for more than three years (balance sheets, profit and loss accounts, etc)[30]; or any other relevant evidence such as shareholders commitment for newly established companies; and

(b) Business or work plan or equivalent financial plan for next three years.

64. This documented evidence must be sufficient to generate confidence that financial status shall not compromise the impartiality of the AE/DOE.

65. An AE/DOE shall have a documented procedure to continuously monitor its income and expenditure to determine the financial stability and financial resources required for its operations of the CDM related activities.

B. Liability

66. An AE/DOE shall demonstrate that it has analysed, identified and evaluated the nature, scale and impact of all potential financial risks arising from its CDM related activities and has adequate arrangements to cover the identified financial risks.

67. The means to cover potential financial risks shall be:

(a) Liability insurance; or

(b) Financial resource reserves, such as bank savings and/or short/long term liquidities.

[30] In this context, financial statements audited by a related body may not be considered as "externally audited financial statements".

VI. Process requirements

Appendix A to 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 CDM M&P– Requirements 27 (a), (b) and (e)

AND

Section G "Validation and registration" of the CDM M&P

AND

Section I "Verification and certification" of the CDM M&P

A. General requirements

68. An AE/DOE shall establish, document, implement and maintain documented procedures for carrying out its validation and/or verification/certification functions[31] 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.

B. Contract review

1. Requests for validation and/or verification/certification application

69. An AE/DOE shall have a documented procedure for inviting and reviewing requests for applications from authorized representatives of CDM PPs. The request for application shall be designed to capture all the necessary information including complete details of the CDM project function that the CDM PPs would like the AE/DOE to validate or verify/certify, so that for the AE/DOE can establish:

(a) Whether the project falls within the AE's/DOE's applied/accredited sectoral scopes;

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

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

70. Essential information that should be included in the application documentation which would enable an AE/DOE to establish the above are:

(a) The PDD that defines project boundaries and sites included in assessment, the nature of the data needed for validation/verification and the methodology used;

(b) Information about the CDM PPs, the host Party and its DNA;

[31] See footnote 2.

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

(d) Scope of the validation/verification; and

(e) Contract period and the liability conditions.

2. Request for application review

71. Before entering into a contract, an AE/DOE shall review the request for application and supplementary information to ensure that the requirements for validation/verification are understood and that the documentation is complete, accurate and verifiable. The AE/DOE shall enter into a contract only if:

(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[32] under question;

(c) It has been granted accreditation or has applied for 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 issues influencing the validation/verification such as language, safety conditions, etc., have been taken into account.

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

3. Validation/verification contract

73. An AE/DOE shall have a documented procedure for entering into a contractual agreement with the project participant for the provision of validation and/or verification/certification functions[33].

C. Selection of the team for validation/verification functions

74. An AE/DOE shall have a documented procedure for determining the competencies needed in its audit team, based on the contract review, and for the validation/verification opinions and decisions.

75. The validation/ verification team shall be composed of a team leader and other validator/verifier and/or technical experts, as necessary. The CDM related validation/verification functions[34] are likely to require multi-disciplinary experiences and covering, technical, environmental, location specific, legal, and financial expertise. The team shall have the competences as specified under paragraphs 50-52.

76. An AE/DOE shall have confirmed that the personnel selected as team leader and/or team member(s) have no conflict of interest with respect to the CDM project activity as described in chapter XII below.

[32] See footnote 2.
[33] See footnote 2.
[34] See footnote 2.

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

78. Each team member should inform an 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 functions

79. An AE/DOE shall have a documented procedure for determining the human resources needed for the team to carry out a complete and effective validation/verification. The AE/DOE should record the human resources, such as man-days, allocated for each validation and/or verification/certification project activity and the justification for the allocation.

80. In determining the human resources needed for the team, an AE/DOE should consider and document 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; and

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

E. Planning and preparation for validation/verification functions

81. An AE/DOE shall have a documented procedure for preparing a plan for the validation/verification. The plan should identify all the tasks required to be carried out in each type of project activity, the human resource needed for the team and identification of any specific sectoral and geographical aspects.

82. The tasks given to each member of the validation/verification team should be clearly defined and communicated to the client (CDM PP).

83. In advance of the validation/verification, the AE/DOE should provide the CDM PPs the names of the validation/verification team members and sufficient background information to allow the CDM PPs to object to the appointment of any particular member(s), with sufficient justification, and for an AE/DOE to reconstitute the team in response to any valid objection.

84. An AE/DOE shall have a documented procedure for conducting independent technical review of the draft validation/verification report prepared by the validation/verification team and decision-making. The decision on the assessed project activity shall be undertaken independently of the validation/verification team. The independent technical reviewer and the decision maker may be the same person.

VII. Information management

Appendix A to 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

85. An AE/DOE shall have a documented procedure for management of all information with respect to its validation and/or verification/certification processes.

B. Information to be made available in public domain

86. An AE/DOE shall have a documented procedure for uploading to their website the following information/documents.

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

(b) Information obtained from the CDM PPs 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 CDM PPs;

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

(e) The certification report by an AE/DOE; and

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

C. Information to be made available to the CDM EB

87. The DOE shall submit an annual CDM activity report to the CDM EB in accordance with Annex C below.

88. The organizational structure, names, qualifications, experience and terms of reference of senior management personnel, such as the senior executive, board members, senior officers, team leaders and other relevant personnel, shall be made available annually to the CDM secretariat.

VIII. AE's/DOE's organization

Appendix A to 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 CDM M&P – Requirements 26, 27 (a), (b), (c)

A. General

89. An 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; and

(b) To safeguard impartiality, including provisions to ensure impartiality of its operations.

B. Organizational structure

90. An 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.

91. 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

92. An 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;

(c) Documentation of policies and procedures and their implementation;

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

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

(f) Final decisions on validation and/or verification/certification;

(g) Decisions relating to disputes and complaints; and

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

93. An AE/DOE shall have a documented procedure for the appointment, terms of reference and operation of any committees that are involved in its CDM policy making or operational functions.

IX. Quality management system

Appendix A to 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

94. An AE/DOE shall establish, document, implement and maintain a quality management system for ensuring and demonstrating consistent application of the CDM accreditation requirements.

95. An AE/DOE shall make the QMS documentation available to the CDM secretariat when it submits its application and shall periodically update them to reflect any changes in the CDM accreditation requirements.

B. Responsibilities of top management

96. The top management of an AE/DOE shall demonstrate its commitment to the development and implementation of a quality management system in accordance with the CDM accreditation and validation/verification requirements.

97. The top management of an AE/DOE 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

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

(a) Ensuring that the AE/DOE's procedures for complying with CDM accreditation requirements are established, implemented and maintained; and

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

D. Document and record management system

1. Control of documents

99. An AE/DOE shall establish documented procedures to control all documents that form part of its CDM quality 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.

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

(a) Approval of documents by authorised personnel before they are issued;

(b) Re-approval of documents by personnel authorised to approve changes before they are issued;

(c) Identification of changes in documents and current revision status;

(d) Availability of authorised and applicable versions of all required documents at points of use;

(e) Prompt removal of all obsolete documents from all points of issue or use;

(f) Suitable marking of all obsolete documents retained for legal or other reasons; and

(g) Identification, update and distribution of external documents.

2. Control of records

101. An AE/DOE shall establish and maintain documented 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.

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

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

104. The record control procedures should protect and back up records to prevent unauthorised access to, or amendment of, these records.

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

105. An AE/DOE shall have a documented procedure 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 requests for validation/verification and the information received from the CDM PPs in relation to such requests;

(b) Records pertaining to contracts, including the results of contract reviews;

(c) Records pertaining to validation, verification preparation and planning;

(d) Records pertaining to objective evidence collected during validation/verification functions[35];

(e) Records pertaining to validation/verification assessment findings and conclusions/opinions;

(f) Records pertaining to validation, verification and certification reports;

(g) Records pertaining to any decision-making;

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

(i) Personnel records, including evidence of the competence of validators/verifiers and technical experts;

(j) Records of internal audits and actions taken based on the results of the audits; and

(k) Records of management reviews and actions taken based on the reviews.

[35] See footnote 2.

106. An AE/DOE shall have a procedure for securely transporting or transmitting documents and for securely maintaining them in accordance with its own specified retention period.

E. Internal audits

107. An AE/DOE shall have a documented procedure for conducting internal audits, 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 quality management system is effective and to ensure that its operations continue to comply with the CDM accreditation requirements, relevant sections of the CDM M&P, relevant decisions and/or clarifications issued by COP/MOP and the CDM EB, and its own documented procedures.

108. The internal audit should address all the CDM accreditation requirements.

109. The internal audit should:

(a) Be conducted by personnel independent of the function audited, either AE's/DOE's qualified personnel or external qualified expert;

(b) Include timely corrective actions to ensure compliance with the CDM accreditation requirements if audit findings cast doubt on the effectiveness of the operations or on the correctness of the CDM validation, verification and certification activities;

(c) Ensure adequate recording of the function audited, the audit findings and corrective actions taken;

(d) Verification and recording of the implementation and effectiveness of the corrective actions taken through follow-up audit activities; and

(e) Address all elaborated requirements in the present documents.

F. Managing non-conformities in operation

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

111. The documented procedure to identify and manage the non-conformities shall ensure the following:

(a) Designating the responsibilities and authorities for management follow-up;

(b) Evaluation of the significance of the nonconforming work;

(c) Appropriate actions to ensure compliance with the CDM accreditation requirements, including, if necessary, withholding of validation, verification reports and certification;

(d) Allocating responsibility for authorizing the resumption of work;

(e) Initiating corrective actions; and

(f) Record the implementation of corrective actions and verify their effectiveness.

G. Corrective and preventive actions

1. Corrective actions

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

113. The documented procedure shall address the following:

(a) A procedure for implementing corrective action starting with an investigation to determine the root cause(s) of the problem;

(b) The identification of corrective actions appropriate to the magnitude and the risk of the problem;

(c) The implementation of corrective actions in a timely manner;

(d) Maintenance of records corrective actions implemented, the results of documentation and implementation of any required changes in their internal systems resulting from corrective action investigations;

(e) Monitoring to ensure that the corrective actions taken have been effective; and

(f) 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 accreditation requirements, an increase in the internal audit frequency.

2. Preventive Actions

114. In addition to the above, an AE/DOE should have a documented procedure for proactively identifying potential sources of non-conformities and areas for improvement and for implementing preventive actions to prevent the occurrence of non-conformities or improve the effectiveness of its validation and verification/certification functions[36].

115. Documented procedures for preventive actions should include the initiation of such measures to ensure their effectiveness. Preventive actions taken should be appropriate to the probable impact of the potential problems. All records for preventive actions should be maintained.

H. Management review

116. An AE/DOE shall conduct periodic management reviews of its CDM activities 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 CDM accreditation requirements.

117. 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 but shall be conducted at least once a year.

118. The review should consider:

[36] See footnote 2.

(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 accreditation 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; and

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

119. 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 AE/DOE aimed at better fulfilment of CDM related objectives and these should be indicated as measurable objectives.

X. Handling complaints, disputes and appeals

Appendix A to 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

120. An AE/DOE shall establish a documented procedure to receive, manage, evaluate, take necessary corrective action and make decisions on complaints, and the documented procedure shall be made available to the CDM secretariat and the public.

121. The AE/DOE should have a system for investigating and taking appropriate correction and corrective actions in respect of complaints relating to project participant received by the AE/DOE and related the validation, verification/certification activities of the AE/DOE.

122. An AE/DOE shall be responsible for all decisions at all levels of the complaints handling process. The personnel responsible for handling of complaints shall be identified.

123. 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) The criteria for determining the validity of complaints;

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

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

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

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

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

(h) Informing the complainant of the outcome of the investigation and the final notice of the end of the complaints handling process; and

(i) Maintenance of record of complaints.

B. Disputes

124. An AE/DOE shall have a documented procedure for handling disputes which shall be made available to the CDM secretariat.

125. Disputes handling procedure should include the following:

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

(b) The criteria for determining the validity of disputes;

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

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

(e) Safeguard the confidentiality of the disputes and subject of the disputes. This process should be subject to requirements for confidentiality, as it relates to the disputes and to the subject of the disputes;

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

(g) Acknowledging receipt of the disputes, providing the disputant a progress report where feasible;

(h) Informing the disputant of the outcome of the investigation and the final notice of the end of the disputes handling process; and

(i) Maintenance of record of disputes.

C. Appeals

126. The AE/DOE shall establish, maintain and implement documented procedure for appeals which shall be made available to the CDM secretariat and the project participants.

127. Appeals process shall include:

(a) An independent appeal panel responsible for the appeals process;

(b) The provisions to ensure that the persons engaged in the appeals process differ from those who carried out the validation, verification or certification activities, and/or involved in independent technical review functions and made decisions regarding the CDM project function;

(c) The submission, investigation and decision on appeals do not result in any discriminatory actions against the appellant;

(d) An outline of the process for receiving, acknowledging and investigating the appeal after ascertaining its validity, ensuring that decision take into account all the relevant information available and gathered as part of investigation;

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

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

(g) Safeguarding the confidentiality of appellants and the subjects of the appeal. This process shall be subject to requirements for confidentiality;

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

(i) Ensuring that the final decision shall be made by the independent appeal panel.

128. The AE/DOE shall inform the appellant in case it is not satisfied with the decision of the appeal panel, and it has an option of complaining to the CDM-EB.

XI. Pending judicial processes

Appendix A to 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.

129. An 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 to its management and the secretariat.

130. It is an AE's/DOE's responsibility to inform the UNFCCC CDM 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 to 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 CDM M&P 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

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

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

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

(c) One to one training37 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.

132. These threats can be posed by activities of an 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 may compromise an AE's/DOE's ability to make impartial judgement are, but not limited to:

(a) An 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, and training on CDM related topics, for the CDM project participant;

(b) The validation/verification 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 CDM PPs 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

133. An AE/DOE shall identify all potential threats and analyze the potential impact of these threats on an AE's/DOE's impartiality. An 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

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

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

B. Safeguarding impartiality

135. While describing the organizational structure, information regarding related entities and their functions and the relationship with an AE/DOE 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; and

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

136. Where the AE/DOE itself or the larger entity of which it is a part or to which it is related, may 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, the AE/DOE shall clearly describe and document these aspects when documenting its organisational structure and describing its functions.

137. 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 131 above;

(b) The AE/DOE shall not subcontract validation/verification work to a legal entity and/or sub-contractors, external validators/verifiers, technical experts that is engaged in the CDM related development, consultancy and financing function;

(c) The AE's/DOE's 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. An 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; and

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

ultimately responsible for ensuring that there is no conflict of interest or threat to impartiality.

138. For safeguarding impartiality on a continuous basis, an 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;

(c) The AE/DOE shall have a documented structure that safeguards impartiality. The documented structure shall be separate from the management established for the performance of an AE/DOE. Such a structure shall ensure participation of relevant stakeholders 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; and

(d) This requirement may be met through establishing a committee responsible for safeguarding impartiality. 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 an AE/DOE.

139. The AE/DOE should ensure impartiality in their operations by, *inter alia*, through:

(a) Have the top management's commitment to impartiality in validation and/or verification/certification functions[38] 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[39], how it manages conflict of interest and how it ensures the objectivity of validation and/or verification/certification functions[40];

(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. An AE/DOE should use this information as input to identifying threats

[38] See footnote 2.
[39] See footnote 2.
[40] See footnote 2.

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 an AE/DOE that supports behaviour of all personnel that is consistent with impartiality.

XIII. Confidentiality management

Appendix A to 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.

140. An AE/DOE shall have a documented policy and mechanism to safeguard the confidentiality of information obtained or created during the course of validation and/or verification/certification functions[41], except where, Decision 3/CMP.1 or any other subsequent COP/MOP decision requires them to be made publicly available.

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

142. An AE/DOE shall not disclose information about a contracted client (PP) that is not required to be made publicly available to a third party without the client's prior written consent. Further, it should inform the client before releasing confidential information to a third party, if required by law.

[41] See footnote 2.

Annex A: Allocation of functions to other sites

1. The table below contains the accreditation requirements contained in this document and provide general guidance on the functions that may be allocated to sites other than the central office of an entity. The other sites can include branches of the same legal entity and offices of an entity belonging to the same group.

Chapter	Requirement	Sub-requirement	Functions	Paragraphs	Central office	Other site
III	Legal issue			18-19	YES[42]	YES
IV	Human resources and competence	Sufficiency of resources		20-26	YES	YES
		Competence	General competence functions	27-29	YES	NO
			Competence for management functions	30-31	YES	NO
			Competence for Validation/Verification team	32-36	YES	NO
			Competence for independent technical review	37	YES	NO
		Management process of human resource	Initial competence analysis	38-40	YES	NO
			Ensuring competence of personnel	41-43	YES	NO
			Maintenance and improve of competence	44-48	YES	NO
			Competence requirements for composition of Verification/Validation team	49-51	YES	NO
			Qualification of the validator/vefirier for technical areas within the sectoral scope	52-53	YES	YES
			Use of external validator, verifier and technical expert	54-56	YES	YES
			Recruitment	57-58	YES	YES
			Subcontracting	59-60	YES	NO
			Personnel record	61	YES	YES
V	Liability and finance	Financial stability		62-64	YES	NO
		liability		65-66	YES	NO
VI	Process	General requirements		67	YES	NO

[42] The YES indicates the functions shall or may be allocated to the site or office, and the NO indicates the functions shall not be allocated to the site.

	requirements	Contract review	Request for application	68-69	YES	YES
			Request for application review	70-71	YES	YES
			validation/verification contract	72	YES	YES
		Selection of the validation/verification team		73-77	YES	YES
		Allocation for human resources for a specific validation/verification functions		78-79	YES	YES
		Planning and preparation for validation/verification functions		80-83	YES	YES
VII	Information management	General		84	YES	NO
		Information made available in public domain		85	YES	NO
		Information to be made available to the CDM EB		86-87	YES	NO
VIII	AE/DOE organization	General		88	YES	NO
		Organization structure		89-90	YES	NO
		AE's/DOE's management		91-92	YES	NO
IX	QMS	General		93-94	YES	NO
		Responsibility for management		95-96	YES	NO
		CDM quality manager		97	YES	NO
		Document and record management	Control of document	98-99	YES	YES
			Control of record	100-103	YES	YES
			Record pertaining to validation and/or verification/certification functions	104-105	YES	YES
		Internal audits		106-108	YES	NO
		Managing non-conformities in operation		109-110	YES	NO

		Corrective and preventive actions		111-114	YES	NO
		Management review		115-118	YES	NO
X	Handling complaints, disputes and appeals	complaint		119-122	YES	YES
		dispute		123-124	YES	NO
		appeal		125-127	YES	NO
XI	Pending judicial processes			128-129	YES	NO
XII	Safeguarding impartiality	General	Threats to impartiality	130-131	YES	NO
			mitigation	132-133	YES	NO
		Safeguarding impartiality		134-138	YES	YES
XIII	Confidentiality management			139-141	YES	YES

Annex B: 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.

Annex C: Guidelines for the preparation of the annual activity report by a DOE to the Executive Board

1. In accordance with paragraph 27 (g) of the modalities and procedures of the clean development mechanism (CDM M&P), designated operational entities (DOEs) are required to submit an annual activity report to the Executive Board. The CDM accreditation panel (CDM-AP) received the first annual activity report from a DOE in April 2005 in which covers main areas of its CDM related activities.

2. In order to guide DOEs in the preparation of their annual activity report, the Board adopted the following guidelines at its nineteenth meeting based on a recommendation by the CDM-AP.

3. The guidelines are to ensure consistency and completeness of reporting with respect to the key CDM activities of a DOE. They cover reporting elements and guidance for completing the report.

I. REPORT ELEMENTS

1. Introduction
    - (a) Period covered by report
    - (b) Purpose of report
2. Accreditation status
    - (a) Scope(s) accredited for indicating date of accreditation
    - (b) Scope(s) applied for and status of application
3. Organization
    - (a) Organizational structure and personnel
    - (b) CDM-related training undertaken
    - (c) Use of subcontractors
    - (d) Management systems
        - (i) Internal audit(s) carried out
        - (ii) Management review(s) carried out
        - (iii) Complaints, disputes and appeals on CDM-related activities
4. Activities relating to the consideration of project activities
    - (a) List of project activities
    - (b) Status of project activities
    - (c) Regional distribution of project activities
    - (d) Sectoral distribution of project activities

(e) List of project activities declined, if any

5. Interactions with interested parties

(a) Interactions with Executive Board

(b) Interactions with other designated operational and/or applicant entities

(c) Interactions with other interested parties

6. Financial statement

Annual income and expenditure relating to CDM related activities

7. Challenges and lessons learnt

II. GUIDANCE FOR COMPLETING THE REPORT

1. Period of reporting

- This report shall cover the period from 1 July of the preceding year to 30 June of the current year.

2. Deadline for submission of the report

- The DOE annual activity report shall be submitted to the Executive Board not later than 30 September.

3. Length of report

- The length of the annual activity report should not exceed 5 pages. All pertinent information shall be contained within the 5 pages. Supplementary information may be provided in annexes to the report.

4. Confidentiality

- The annual activity report to the Executive Board shall be treated as confidential.

5. Authorization of report

- The annual activity report to the Executive Board shall be signed by the Chief Executive Officer of the DOE.

6. When reporting on the organizational structure, names, qualifications, experience and terms of reference of senior management personnel such as the senior executive, board members, senior officers, team leaders and other relevant personnel shall be included in the report.

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

2. This document (hereinafter referred to as "CDM Accreditation Procedure") contains the procedure to operationalize the accreditation of operational entities by the EB which has been elaborated in accordance with paragraph 5 (f) (ii) of the CDM M&P and taking into consideration paragraphs 18 and 25 of the CDM M&P. The EB may revise this CDM accreditation procedure in the future. The EB shall inform all applicant entities (AEs) and designated operational entities (DOEs) of any such revisions. Any revision shall be 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 effective as decided by the EB.

3. The responsibility of each actor involved in the accreditation process is as follows:

(a) The **COP/MOP** designates operational entities, or withdraws their designation, based on a recommendation by the EB;

(b) The **EB** takes the decision whether or not to accredit an AE[3] and recommend it to the COP/MOP for designation[4], and to fully or partially suspend a DOE, or to withdraw accreditation of a DOE;

(c) The **CDM Accreditation Panel (CDM-AP)** serves as the technical panel of the EB in accordance with its terms of reference and makes recommendations to the EB on effective implementation of the CDM accreditation process;

(d) A **CDM assessment team (CDM-AT)**, in accordance with the standards and requirements and under the guidance of the CDM-AP, undertakes the assessment of an AE and/or DOE, to identify the level of compliance and reports to the CDM-AP;

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

4. The accreditation (re-accreditation) assessment of an AE/DOE consists of following main elements:

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1 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).

2 CDM accreditation requirements for the AEs/DOEs are contained in the CDM M&P and relevant decisions issued by CMP and CDM-EB. These requirements are further elaborated in the document 'Elaboration of CDM accreditation requirements'.

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.

(a) **Desk review** by a CDM-AT of the adequacy of the documented system of AE/DOE to meet the CDM accreditation requirements and perform CDM validation and verification functions[5];

(b) **On-site assessment** by a CDM-AT to evaluate the implementation of the system, including the competencies and operational capability of the AE/DOE to comply with the CDM requirements. The on-site assessment shall take place at the office of the AE/DOE and/or at any other site where the CDM functions[6] are undertaken, as decided by the CDM-AP.

5. An AE/DOE shall be accredited (re-accredited) on the successful completion of desk review and on-site assessment for the sectoral scopes in which the entity has demonstrated its competence for performing validation and verification/certification functions[7].

6. A DOE shall be subject to **performance assessment** by the CDM-AT in relation to the scope of its accreditation. The purpose of the performance assessment is to assess the effectiveness of the accredited entity's system through an assessment of specific validation and verification activities.

7. A DOE shall be subject to **regular on-site surveillance**. The purpose of the regular on-site surveillance is to ensure that the effectiveness of the DOE's system is maintained over the accredited period. The regular on-site surveillance shall be undertaken at least once in three (3) years of the accredited period of a DOE as decided by the CDM-AP. The regular on-site surveillance shall take place at the office of the AE/DOE and/or at any other site where the CDM functions are undertaken, as decided by the CDM-AP.

8. In accordance with paragraph 20 (e) of the CDM M&P, the EB may trigger "spot-checks" to be conducted at any time with a view to assessing whether a DOE still meets the accreditation requirements. The spot-check may include assessment at the office of the DOE and/or assessment at any other site where the CDM functions are undertaken and/or assessment at the CDM project activity site and/or off-site desk review assessment.

II. Scope of accreditation

A.1 Scope of accreditation

9. The scope of accreditation shall consist of sectoral scopes as applied by the entity and in which the entity has demonstrated its competence for performing validation and verification/certification functions[8]. An accredited entity shall be allowed to carry out validation and verification functions[9] in specified sectoral scope(s).

10. An entity may apply to be accredited for any number of sectoral scopes.

[5] In accordance with the CDM M&P DOEs shall perform CDM validation and verification functions. The requirements for the DOEs to perform these functions are defined in the CDM validation and verification manual. AEs, seeking their accreditation, shall integrate the provisions of the validation and verification manual into their quality management systems.

[6] For a list of functions allowed to be undertaken at sites other than the central office of the entity see the Elaboration of CDM accreditation requirements, Annex A.

[7] See footnote 5.

[8] See footnote 5.

[9] See footnote 5.

III. Accreditation Process

B.1. Accreditation

11. The accreditation process comprises the following main steps:

(a) An application for accreditation by an entity;

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

(c) Consideration of the application file by the CDM-AP;

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

(e) On-site assessment by the CDM-AT at the office of the AE and/or at any other site where the CDM functions are to be undertaken;

(f) A recommendation on accreditation or rejection of application by the CDM-AP to the EB;

(g) A decision by the EB on accreditation or rejection of application of the AE;

(h) Recommendation for designation to the COP/MOP by EB.

B.1. Application for Accreditation

12. An entity shall submit to the secretariat a duly completed application form and all the documentation specified in the Appendix 1 (Application documentation).

13. The secretariat shall start processing an application upon receipt of the non-reimbursable application fee.

14. The secretariat shall undertake a completeness check of the documentation and information submitted against the requirements for documentation. If the documentation is found incomplete, the secretariat shall inform the AE about the missing elements it has identified. Subsequent steps of the accreditation procedure shall only continue once all missing documentation has been received by the secretariat.

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 and stakeholders shall have fifteen (15) days to provide any comments and information in respect of the AE to the secretariat through the web interface.

16. The secretariat shall prepare an application file and send it to the CDM-AP along with the comments and/or information received from the stakeholders.

17. The CDM-AP, at its next meeting, shall review the application documentation, comments and information and, as appropriate, consider the particular issues identified for the assessment by preparing a Work Plan. The CDM-AP shall decide if additional on-site assessments shall be performed at locations other than the office of the AE. The CDM-AP may agree to consider a case electronically.

B.1. Appointment of CDM Assessment Team

18. The CDM-AP Chair shall appoint a CDM-AT in consultation with the CDM-AP and with the assistance of the secretariat. The CDM-AT shall consist of at least two members, including a team leader.

The size of the CDM-AT may vary depending on the size and CDM operations of the AE/DOE, 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.

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

20. Receiving no objection from the AE, each CDM-AT member shall sign a confidentiality and non-disclosure agreement.

21. The secretariat shall introduce the CDM-AT by establishing a communication facility in order to undertake the assessment work.

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

(a) All information related to the application;

(b) The work plan for the CDM-AT.

B.2 Desk Review

23. The CDM-AT shall undertake the desk review of the documentation provided by the AE/DOE and prepare the draft desk review report within twenty (20) days after receiving the application documentation from the secretariat and shall send the desk review report to the entity through the secretariat.

24. If the documents are found adequate, the CDM-AT shall proceed for the on-site assessment.

25. If the CDM-AT has identified any non-conformity(ies) against the requirements, AE/DOE shall provide additional or amended documentation to address the identified non-conformities within ninety (90) days (thirty (30) days for re-accreditation) of the receipt of the desk review report[10].

26. The CDM-AT shall prepare the desk review report on the basis of additional and amended documentation received within ten (10) days of the receipt of additional and amended documents.

27. The desk review report shall conclude whether the AE/DOE documented system is in conformity with the documented quality system accreditation requirements for undertaking validation and/or verification functions[11].

28. If conformity of the documented system is confirmed, the CDM-AT shall proceed with the on-site assessment.

29. If conformity has not been confirmed, or if no documents have been received from the entity within ninety (90) days of the draft desk review report, the CDM-AT shall finalise the desk review report indicating the missing elements, and/or the non conformities, and providing its final conclusion and recommendation to the CDM-AP. The secretariat shall seek comments on the final desk review report from the entity within six (6) days and submit the report to the CDM-AP for its decision at its next meeting.

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[10] If the changes in documents are considered significant by the team, the team will request approval from CDM-AP for additional time for desk review. Any additional cost for such additional time will be borne by the AE.

[11] See footnote 5.

30. The CDM-AP, after considering the reports from the CDM-AT, shall decide whether to:

(a) Reject the application;

(b) Refer the application to the CDM-AT for further review on the basis of existing or new information;

(c) Undertake any other appropriate action based on the reports.

B.3 On-site assessment

31. This section provides for on-site assessment at the office of the AE/DOE and/or any other site where CDM function are being undertaken. The assessment may include visits to different sites by the same CDM-AT. The on-site assessment shall be subject to a joint reporting.

32. The CDM-AT leader, taking into consideration the availability of the team members and the AE/DOE, shall coordinate the date(s) for the on-site assessment(s). The on-site assessment of the central office shall be undertaken within sixty (60) days (thirty (30) days for re-accreditation) from the date of receipt of the desk review report by the AE/DOE. The visits to other sites, if any, shall be conducted after assessment at the central office within agreed timeframe.

33. If the AE/DOE is not available for the on-site assessment within sixty (60) days (thirty (30) days for re-accreditation), the secretariat shall reconfirm the entity's interest in proceeding with their application and seek justification in writing for the delays. The secretariat shall present the case to the CDM-AP at its next meeting for its decision.

34. The on-site assessment shall be conducted by the CDM-AT in compliance with the CDM on-site assessment procedure.

35. After completion of the on-site assessment, the CDM-AT shall have twelve (12) days to prepare the on-site assessment report.

36. The secretariat shall send the on-site assessment report to the AE/DOE.

37. The AE/DOE, from the date of receiving the on-site assessment report, shall have thirty (30) days to propose corrective actions to resolve the non-conformities identified.

38. The CDM-AT shall assess the proposed corrective action plan within eight (8) days. If the CDM-AT does not accept the proposed corrective actions, the AE/DOE shall have additional fifteen (15) days to propose further corrective actions. If the revised proposed corrective actions are still not accepted by the CDM-AT, or the proposed corrective actions are not submitted, the case shall be presented to the CDM-AP for its decision at its next meeting.

39. All accepted corrective actions accepted by the CDM-AT shall be completed within ninety (90) days from the date of the acceptance of proposed corrective actions by the CDM-AT.

40. Once the AE/DOE has submitted documentation demonstrating that it has implemented the approved corrective actions, the CDM-AT shall have twelve (12) days to verify the implementation of all the corrective actions to address non-conformities, close the non-conformities and complete the final assessment report.

41. In case the non-conformities have not been adequately addressed through implementation of the corrective actions as assessed by the CDM AT, the AE/DOE shall have thirty (30) additional days to pursue implementation the corrective actions. If the implementation of corrective actions is still not

found satisfactory, or no confirmation of the implementation of corrective actions is received, CDM-AT shall complete the final assessment report.

42. The CDM-AT shall make the final assessment report and NC forms available to the AE/DOE through secretariat. The AE/DOE shall have six (6) days to provide comments on the final assessment report.

43. The CDM-AT shall have five (5) days to complete the final assessment report taking into consideration the comments provided by the AE/DOE.

44. The secretariat shall submit the final assessment report to the CDM-AP for a decision at its next meeting.

45. CDM-AP shall consider the reports and decide to:

(a) Recommend to the EB for:

(i) Accreditation for all the sectoral scopes applied for by the AE;

(ii) Accreditation only for partial sectoral scopes;

(iii) Rejection of the application for accreditation;

(b) Seek additional corrective actions from the AE/DOE, indicating timeline for their proposal and implementation and requesting CDM-AP to conduct assessment activities in relation to those actions;

(c) Undertake any other appropriate action based on the reports.

46. The CDM-AP shall inform the AE/DOE of its decision through the secretariat. The AE/DOE shall have six (6) days to appeal against any recommendation of the CDM AP. The appeal shall be addressed to the EB in accordance with the provisions contained in Appendix 3 (Appeals procedure).

47. The EB shall consider the recommendation of the CDM-AP and decide to:

(a) Accredit for all the sectorals scopes applied for by the AE/DOE;

(b) Accredit the AE/DOE only for partial sectoral scopes;

(c) Reject the application for accreditation.

48. The accredited (re-accredited) entity shall be subject to performance assessment.

49. The secretariat shall maintain a public list of entities accredited within specified sectoral scope(s).

50. The initial accreditation shall be valid for three (3) years from the date of accreditation decision by the EB.

B.4 Performance Assessment

51. Performance assessment shall occur over the period of accreditation.

52. After the completion of the accreditation process of an AE, now a DOE, the CDM-AP shall decide on the number of activities to be assessed as part of the performance assessment. The number of activities selected shall be based on the number of scopes for which the DOE is accredited, number of

project activities the entity has validated/verified and performance of the DOE based on significance of issues raised by the EB review process. The CDM-AP may decide to vary number of activities to be selected for performance assessment as considered necessary.

53. The secretariat shall select activities for performance assessments following the recommendation of the CDM-AP from the project activities submitted with requests for registration, or when the monitoring reports are made public before the start of the verification activity.

54. The secretariat shall inform the DOE of the project activity selected for performance assessment for validation and/or verification and of the composition of the CDM-AT (leader and methodology expert). The secretariat shall also include the methodology expert in the official communication channel established for the DOE and CDM-AT.

55. The DOE may object, in writing to the CDM-AP within five (5) days, to a member(s) of the CDM-AT based on any conflict of interest.

56. The DOE shall forward the relevant documents in accordance with Appendix 6 within three (3) days of receipt of the information from the secretariat on the activity selected for the performance assessment.

57. The performance assessment of the validation functions[12] shall be based on documentary evidence.

58. The performance assessment of the verification functions[13] shall be based on the observation of the verification assessment carried out by the DOE's team at the project site and evaluating conformity of the DOE's draft verification report.

59. For the performance assessment of verification activity, the DOE shall inform the secretariat of the proposed dates of verification and provide the relevant set of documents. The DOE and the team leader shall co-ordinate the visit of CDM-AT to the project site with the support of the secretariat.

60. The DOE shall forward to the CDM-AT the draft verification report, duly reviewed internally for its completeness and adequacy, including the Corrective Action Requests (CARs), Clarification Requests (CLRs) and/or Forward Action Requests (FARs) within fifteen (15) days of the site visit.

61. The CDM-AT shall complete the performance assessment for validation/verification functions[14] within fourteen (14) days of receiving all relevant documents, including any additional documents which have been requested by the CDM-AT. The CDM-AT shall prepare the performance assessment report and the non-conformities report, as necessary, and forward the same to the entity through the secretariat.

62. The entity shall propose corrective actions, within fifteen (15) days of the receipt of the report and non-conformities report.

63. The CDM-AT shall review the proposed corrective actions and communicate its acceptance or non-acceptance to the DOE within six (6) days. If the proposed corrective actions are not accepted, the DOE shall have another eight (8) days to propose additional corrective actions.

[12] See footnote 5.
[13] See footnote 5.
[14] See footnote 5.

64. The DOE shall implement the proposed corrective actions accepted by the CDM-AT and provide evidences to the CDM-AT of the implementation of corrective actions within thirty (30) days of the acceptance of corrective actions.

65. The CDM-AT shall evaluate implementation of the corrective actions. If the non-conformities have been addressed, the CDM-AT shall prepare the final assessment report, close the non-conformities and forward the same to the DOE through the secretariat within six (6) days of the receipt of the evidences of the corrective actions.

66. If the implementation is not satisfactory, the secretariat shall inform the DOE and it shall have another fifteen (15) days to demonstrate conformity. If the implementation of corrective actions is still not found satisfactory, or no confirmation of the implementation of corrective actions is received, CDM-AT shall complete the final assessment report

67. The CDM-AT shall make the final assessment report and NC reports available to the DOE through secretariat. The DOE shall have six (6) days to provide comments on the final assessment report.

68. The CDM-AT shall have five (5) days to complete the final assessment report taking into consideration the comments provided by the DOE.

69. The secretariat shall submit the final assessment report to the CDM-AP for a decision at its next meeting.

70. The CDM-AP based on the final assessment report and the comments received from the DOE shall decide to:

(a) Inform the EB of the successful outcome of performance assessment;

(b) Undertake additional performance assessment(s);

(c) Recommend to the EB to suspend the accreditation for limited sectoral scopes and/or functions;

(d) Recommend to the EB to suspend the accreditation for all scopes and functions; or

(e) Undertake any other appropriate action based on the reports.

The CDM-AP shall inform the entity of its decision.

B.5 Regular On-site Surveillance

71. The regular on-site surveillance assessment shall be conducted at least once during the three (3) years of the accredited period of the DOE.

72. The regular on-site surveillance assessment shall take place at the office of the DOE and/or at any other site where the CDM functions are being undertaken. The CDM-AP shall decide on the locations of the regular on-site surveillance. The assessment shall be for a minimum of two (2) days, unless otherwise decided by the CDM-AP.

73. The CDM-AT for the regular on-site surveillance assessment shall normally be made of two members. The CDM-AT shall be nominated by the Chair of the CDM-AP in consultation with the CDM-AP and with the assistance of the secretariat. (With the leader being the same person, if possible,

who carried out the initial assessment. The team leader will be supported by one team member with technical and methodological expertise.)

74. The secretariat shall prepare a work plan based on the performance and validation/verification undertaken by the DOE under the guidance of the CDM-AP.

75. The team leader shall coordinate, schedule the on-site assessment and forward the assessment plan to the DOE at least ten (10) days prior to the surveillance assessment. The secretariat shall support in coordinating the assessment and logistics.

76. The CDM-AT, after completion of the regular surveillance assessment, shall have ten (10) days to prepare the surveillance assessment report.

77. The DOE shall have fifteen (15) days to propose corrective actions to resolve the identified non-conformities from the receipt of the on site assessment report.

78. The CDM-AT shall assess the proposed corrective actions within six (6) days. In case the proposed corrective actions are not accepted by the CDM-AT, the DOE shall have another seven (7) days to propose further corrective actions. If the proposed corrective actions are still not accepted by the CDM-AT, or the proposed corrective actions are not submitted within fifteen (15) days, the case shall be presented to the CDM-AP for decision during its next meeting.

79. All proposed corrective actions identified and accepted by the CDM-AT shall be completed within thirty (30) days from the date of acceptance of the corrective actions.

80. Once the DOE has submitted documentation demonstrating that it has implemented the corrective actions identified, the CDM-AT shall have ten (10) days to verify the implementation of all the corrective actions to address the non-conformities, close the non-conformities and prepare the final assessment report.

81. If the implementation is not satisfactory, the DOE shall have additional fifteen (15) days to pursue implementation of the corrective actions and submit further evidences. If the implementation of corrective actions is still not found satisfactory, or no confirmation of the implementation of corrective actions is received, the CDM-AT shall complete the final assessment report .

82. The CDM-AT shall make the final assessment report and non-conformities reports available to the DOE through secretariat. The DOE shall have six (6) days to provide comments on the final assessment report.

83. The CDM-AT shall have five (5) days to complete the final assessment report taking into consideration the comments provided by the DOE.

84. The secretariat shall submit the final assessment report to the CDM-AP for a decision at its next meeting.

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

86. 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. Any extension should be fully justified by the CDM-AP; or

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

87. The costs relating to the regular on-site surveillance assessment shall be borne by the DOE in accordance with Appendix 4 (Fees and costs) of the accreditation procedure.

B.6 Spot-check

88. The EB can, in accordance with the CDM M&P, request a spot-check to be conducted at any time.

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

(a) A request for review for a project activity submitted in accordance with the relevant provisions 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 competency and performance of the DOE, such as changes in ownership, organizational structure, internal policies and procedures, resources and personnel

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

(i) Another DOE;

(ii) An NGO accredited with UNFCCC;

(iii) A stakeholder[15].

(d) A recommendation of the CDM-AP.

90. The CDM-AP can recommend to conduct a spot-check of a particular entity at any time.

91. Once the EB has decided on a spot-check, it shall agree on the scope of the spot-check and inform the CDM-AP. The scope of the spot-check shall include the following:

(a) Identification of the type and the site of the spot-check (on-site assessment at the office of the DOE and/or on-site assessment at any other site where the CDM functions are being undertaken and/or assessment at the CDM project activity site and/or off-site desk review assessment).

(b) Specific aspects to be focussed on during the spot-check assessment, such as:

(i) Quality and operational management of the DOE in relation to its competence for performing validation and verification functions[16];

(ii) Institutional and organisational structure of the DOE, in particular, for providing validation and verification functions[17] in an independent and impartial manner;

(iii) Competencies of the DOE to perform all aspects of validation and verification functions[18].

[15] 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.

[16] See footnote 5.

[17] See footnote 5.

[18] See footnote 5.

(iv) Any other area identified as relevant to ensure competency and conformity of the DOE.

92. The name of the entity under spot-check shall be made public as part of the EB meeting report.

93. The CDM-AP shall consider the case, elaborate the scope of the spot-check and establish a CDM-AT.

94. If the spot-check is to be conducted at the CDM project activity site, the CDM-AP, through the secretariat, shall:

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

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

95. The DOE shall cover all the costs related to the spot-check in accordance with the Appendix 4 (Fees and costs).

96. The CDM-AT shall review the documentation provided by the DOE and prepare an assessment plan taking into consideration the scope of the spot-check.

97. The CDM-AT, after completion of the spot-check, shall have five (5) days to prepare the spot-check report, including non-conformities report, if necessary, and final assessment report.

98. The DOE shall have six (6) days to provide comments on the reports.

99. The CDM-AP based on the reports and the comments received from the DOE shall recommend to the EB for:

(a) Confirmation of accreditation and designation of the DOE;

(b) Partial suspension of accreditation with corrective actions to be implemented before suspension is lifted;

(c) Full suspension of accreditation with corrective actions to be implemented before suspension is lifted;

(d) Withdrawal of the accreditation of the DOE.

100. The recommendation of the CDM-AP to the EB shall be forwarded to the DOE through the secretariat. The DOE shall have an opportunity for a hearing to present their case to the EB.

101. The EB shall consider the recommendation made by the CDM-AP and the additional documented evidence presented by the DOE at the hearing. In accordance with provisions of paragraph 21 of the CDM M&P and the decision of CMP4, the EB shall decide to

(a) Confirm the accreditation and designation of the DOE;

(b) Partially suspend accreditation, in respect of specific scopes or functions, indicating corrective actions to be implemented before suspension is lifted;

(c) Fully suspend accreditation, indicating corrective actions to be implemented before suspension is lifted;

(d) Withdraw accreditation of the DOE; or

(e) Advise any other action.

In case of suspension, the DOE shall undertake corrective actions within the time-frame identified by the EB.

102. After receiving confirmation from the DOE that all the corrective actions have been implemented the CDM-AT shall verify their implementation. Verification of implementation shall take place through an on-site assessment at the office of the DOE, an assessment at the project site or through a document review as appropriate.

103. The CDM-AT, after verification of the implementation of the corrective actions, shall have three (3) days to prepare the final assessment report, including non-conformities report, if necessary.

104. The CDM-AP shall consider the report of CDM-AT and submit to the EB its recommendation whether to:

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

(b) Revoke the suspension of accreditation of the DOE and request additional performance assessments or follow-up assessments to be performed to ensure that corrective actions implemented by the DOE have addressed all non-conformities identified;

(c) Withdraw the accreditation of the DOE.

105. If the corrective actions have not been implemented within the specified time-frame, the CDM-AP shall recommend to the EB to withdraw the accreditation.

106. The recommendation of the CDM-AP shall be forwarded to the DOE. If the recommendation is to withdraw accreditation, the DOE shall have an opportunity for a hearing at the EB meeting.

107. The EB shall decide, based on the recommendation of the CDM-AP and the presentation of the DOE, whether to:

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

(b) Revoke the suspension of accreditation of the DOE and request additional performance assessments or follow-up assessment to be performed ;

(c) 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 shall be with immediate effect and shall remain in effect pending a final decision by the COP/MOP.

108. The secretariat shall inform the DOE of the decision of the EB. The secretariat shall update relevant records and public listings, as appropriate.

109. The CDM-AP shall undertake further actions as per the decision of the EB.

B.7 Re-accreditation

110. The DOE shall apply for re-accreditation nine (9) months before the expiry of its accreditation.

111. The DOE shall submit to the secretariat, along with its application for re-accreditation, the documentation listed in Appendix 1. The DOE may apply for additional or removal sectoral scopes of their accreditation.

112. The activities to be undertaken by the CDM-AT during the re-accreditation process shall include desk review of documentation and on-site assessment.

113. The performance assessment of project activities selected by the CDM-AP shall continue after re-accreditation.

114. The provisions and timelines of sections B.2, B.3 and B.4 of this procedure regarding the desk review, on-site assessment and performance assessment shall apply.

115. Re-accreditation shall be valid for three (3) years from the date of expiry of the previous accreditation.

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

116. A DOE may apply to be accredited for additional sectoral scopes at any time. The procedural steps for accreditation described in the section B.1 to B.4 shall apply. The DOE shall submit to the secretariat, along with its application, the documentation listed in Appendix 1.

117. The accreditation for additional sectoral scopes shall be valid only till the expiry of its existing accreditation.

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

118. An AE/DOE shall inform the secretariat, at least three (3) months before its implementation, of any planned change that significantly affects its:

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

(b) Key professional staff;

(c) Management system;

(d) Compliance with accreditation requirements.

119. 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.

120. If a DOE does not notify the secretariat of changes within the deadline, the CDM-AP shall notify the EB for its decision on triggering a spot-check.

121. A request for moving an accredited office to another physical location shall be considered by the CDM-AP and may require additional work by the CDM-AP and CDM-AT with possible cost implications.

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:

(a) Documentation on its legal entity status (either a domestic legal entity or an international organization) *(CDM M&P[19])*;

(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[20], and for monitoring their performance *(CDM M&P)*;

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

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

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

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

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

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

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

(iii) A demonstration that no conflict of interest exists between its functions as an DOE and any other functions that it may have, and how business is managed to

[19] Elements in this list that are taken from the CDM M&P are marked accordingly.
[20] See footnote 5.

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)*;

(l) A list of all sites where the CDM functions are undertaken clearly indicating functions undertaken at each site[21].

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 application of additional "sectoral scope(s)", the DOE shall submit, as applicable particular documents related to "sectoral scope(s)" and other system documents that have been amended.

4. In case of re-accreditation,

(a) Documents[22] required for accreditation ensuring that all information available to the EB and the CDM-AP reflects the most up-to-date state of information.

(b) List of project activities completed and in process.

5. Documentation has to be submitted in English, the working language of the EB.

[21] For a list of functions allowed to be undertaken at sites other than the central office of the entity see the Elaboration of CDM accreditation requirements, Annex A.

[22] Regarding provisions for notification on change of status of a DOE see section B.9.

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 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:

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

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

(iii) 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 ninety (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 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 EB of the appeal.

5. The designated officer shall submit to the EB, for consideration at its next meeting, taking into consideration deadlines for the submission of documentations provided for in the 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 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 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 EB at its next meeting.

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

11. Following the decision of the EB, the secretariat shall make 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[23] 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-reimbursable 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 paragraphs 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 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[24]. 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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[23] For indicative level of fees for different steps of assessment please refer to the UNFCCC CDM web site (http://unfccc.int/cdm).

[24] 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 performance assessment

9. The performance assessment for validation functions[25] 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 performance assessment for validation function[26], if applicable, and for verification function[27] 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 this 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[28]. 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 DOE/AE

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25 See footnote 5.

26 See footnote 5.

27 See footnote 5.

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

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

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

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

(c) Changes in ownership;

(d) Substantial changes in documentation.

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. 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-DR = Desk review report

On-site assessment of the applicant entity

- F-CDM-OR = On-site assessment report
- F-CDM-OR-ReA = 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

Performance assessment

- 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-PAval = Performance assessment report form – validation
- F-CDM-PAvc = Performance assessment report form – verification
- F-CDM-PAval-ssc = Performance assessment report form – validation for small scale project activities
- F-CDM-PAval-a&r = Performance assessment report form – validation for afforestation and reforestation.

"Spot-check"

- F-CDM-SC = Spot-check 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-W = Workplan for CDM assessment team

Final report

- F-CDM-FR = Final report (includes, as attachment, F-CDM-PR)
- F-CDM-Frcomments = Comments by DOE on Final report

Appendix 6

List of documents to be provided by DOE for performance assessment

Description	Validation function	Verification function
Project Design Document (PDD)	X	X
Date of making PDD publicly available	X	
Date of making monitoring report publicly available		X
Contract review documents	X	X
Conflict of interest analysis	X	X
Team competence justification with evidence	X	X
Monitoring report with working spreadsheet		X
Working spreadsheet (in Excel format)		X
Assessment plan		X
Report of the DOE's team that visited the project site	X	
Draft validation/verification report for internal technical review	X	X[29]
Corrective Action Requests (CARs) Clarification Requests (CLRs) and Forward Action Requests (FARs)	X	X
Comments of the internal technical reviewer on the draft validation report by the DOE's team	X	
Final validation report	X	
Any other documents requested by the CDM-AT	X	X

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[29] Documents shall be submitted after the on-site assessment.