

**DRAFT****Annex 5****PROCEDURES FOR REVIEW OF ERRONEOUS INCLUSION OF A CPA****(Version 02)****A. Background**

1. Paragraph 22 of the “Procedures for registration of a programme of activities as a single CDM project activity and issuance of certified emission reductions for a programme of activities” provides for a possibility for members of the CDM Executive Board (hereinafter referred to as the Board) and the DNAs of Parties involved to request a review of the inclusion of a CPA into a registered programme of activities. These procedures elaborate how such a request for review and any subsequent review will be conducted.

2. Pursuant to paragraph 36 of decision 2/CMP.5, the CMP requested the Board to “continue to revise the relevant procedures and guidance on programmes of activities, including by defining more clearly the situations in which designated operational entities could be held liable for erroneous inclusion of a component project activity, in order to reduce barriers to the development of programmes of activities under the clean development mechanism”.

3. These procedures replace the previous version (version 01, EB 47 report, annex 30, 28 May 2009).

B. Identification and consequences of erroneous inclusion and review request

4. Erroneous inclusion of a CPA into a POA means that the CPA does not meet the eligibility criteria as specified in the CDM-POA-DD.

5. If a Designated National Authority (DNA) of a Party involved in the PoA or a Board member identifies ~~any error, within one year after the inclusion of CPA into a registered PoA or six (6) months after the issuance of CERs for that CPA, whichever is the later,~~ information that ~~disqualifies~~ may disqualify a CPA from inclusion in the PoA; ~~or renewal of its crediting period~~ the Secretary of the Board shall be notified, by means of a request for review form (F-CDM-CPAR) ~~within one year after the inclusion of CPA into a registered PoA or renewal of the crediting period of the CPA, or within six (6) months after the first issuance of CERs for that CPA, whichever is the latter.~~

6. In case the request is received from an Board member, the Chair of the Board, in consultation with the secretariat, will assess the ~~substantiation provided~~ information referred to in paragraph 5 above and decide, within 10 working days, whether or not to include the request for review of inclusion on the agenda of the next Board meeting.

7. If the Chair of the Board decides not to include the request on the agenda of the next Board meeting, the secretariat will inform the Board member of the reasons for this decision.

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8. If the Chair of the Board decides to include the request on the agenda of the next Board meeting or if the request has been received from a Party involved, the secretariat shall notify the coordinating/managing entity, the validating DOE and the DNAs of all Parties involved. The coordinating/managing entity and the validating DOE shall be invited to provide initial comments to the request for review.

9. The Board shall decide whether to initiate a review of the inclusion of the CPA and **may shall** decide **whether** to exclude the CPA from the PoA with immediate effect, **if it determines that the CPA was erroneously included into the PoA.**

10. A DOE, that has not performed validation, registration, inclusion or verification functions with regard to this PoA, shall conduct the review referred to in paragraph 69, by assessing a random sample of 10% of all CPAs currently included and submitting a report to Board within eight weeks.

11. An assessment team shall be established by the Board to analyse the DOE review report and make a recommendation to the Board within two weeks. The assessment team may discuss the findings of the review report and seek comments from the co-ordinating entity and validating DOE, as appropriate. **Based on this assessment, the assessment team shall make a finding as to whether any CPAs have been erroneously included into the PoA.**

12. The Board shall consider the review at the next Board meeting for which the report has been made available within the two week document deadline.

13. The Board shall decide:

- (a) Whether to exclude any of the CPAs from the POA, and if so;
- (b) Whether to extend the review of the inclusion of CPAs to the POA.

14. **The Board may decide to exclude a CPA from the PoA, if it determines that a CPA was erroneously included into the PoA.**

15. The consequences of the exclusion are that:

- (a) The CPA that has been excluded shall not be re-included again in that or any other PoA, or qualify as a CDM project activity;
- (b) The DOE that included the CPA, shall acquire and transfer, within 30 days of the exclusion of the CPA, an amount of reduced tonnes of carbon dioxide equivalent to the amount of CERs issued **to for** the **PoA-CPA** as a result of the CPA having been included, to a cancellation account maintained in the CDM registry by the Board. **The period covered shall be from the date of the erroneous inclusion of the CPA into the PoA to the date of exclusion of the CPA from the PoA.**

16. The consequences of the extension of the review are that:

- (a) The further inclusion of new CPAs and issuance of CERs to that PoA shall be put on hold;



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- (b) A further sample of 15% of included CPAs shall be reviewed in accordance with the modalities contained in paragraphs 510 to 913;
- (c) If this second review also leads to the exclusion of further CPAs, the Board may decide to extend the review to all included CPAs.

17. Only once the Board has decided not to extend the review and all required cancellations have been confirmed, the hold described in paragraph 4016 (a) shall be lifted.
