

To the Chair of the CDM Executive Board,

JQA's Comments on "CDM Validation and Verification Manual (Draft)"

Para. 1 of VVM:

"The CDM Executive Board decided that this validation and verification manual (VVM) shall be a mandatory guidance for the DOEs in undertaking their validation and verification work."

JQA's comment:

We disagree on making the VVM a mandatory guidance for the DOEs for the following reasons.

- DOEs/AEs are performing validation/verification services in accordance with the existing all decisions, clarifications and guidance. If the VVM is meant to sort out these requirements as more useful handbook for assessors in the assessment process, the VVM will be supplemental to these decisions, clarifications and guidance. Then the mandatory of the VVM loses rationality.
- In case the VVM shall be a mandatory guidance for DOEs, DOEs must comply with the VVM at all times even if any other options are available which might be able to bring easier, more efficient performances in their work. That might end up decreasing better options, hindering efficient validation and verification work.
- The mandatory VVM will require a certain level of quality in DOEs assessment works, and this will contribute to enhancing overall level of DOEs. However if the VVM is for setting the standardized level for DOEs in different quality levels, experienced DOEs might lose opportunities to demonstrate their high-quality validation and verification performances. There is concern that such situation would lead to decline in the level of validation and verification assessment works of experienced DOEs.

Para. 143 of VVM:

"The DOE shall assess compliance with this requirement in a two step process;

- (b) Implementation of the plan. The DOE shall, by means of review of the documented procedures, interviews with relevant personnel and physical inspection of the project site/project plans, assess whether:
 - (i) The monitoring arrangements described in the PDD can be properly implemented in the context of the project activity.
 - (ii) The means of implementation of the monitoring plan, including the data management and QA/QC procedures, are sufficient to ensure that the emission reductions can be reported ex-post without material misstatement."

JQA's comment:

Additional guidance might be necessary to assess or determine whether 'the data management and QA/QC procedures are sufficient'.

Para. 180 of VVM:

“For the verification of quantitative data collected and used for the purpose of determining the emission reductions, the DOE may employ a risk-based approach as outlined below.

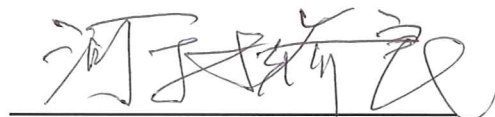
The DOE shall ensure that the reported emission reductions of the CDM project activity are free of material misstatement. In the context of verification of CDM projects, a material misstatement is defined as a misstatement due to errors, omissions, and misrepresentations in the reported emission reductions, which exceeds a materiality threshold of [1% for large projects] [and 5% for small projects] of the final emission reductions. Issues that may cause risk for material misstatement of emission reductions should be identified through the use of a project-specific checklist. The DOE should ensure that the checklist cover all necessary specific project requirements that have impact on project performance.”

JQA's comment:

‘Materiality’ used in the VVM is specified in ISO14064 that “Materiality is as a concept that individual or the aggregation of errors, omissions and misrepresentations could affect the GHG assertion and could influence the intended user’s decisions.” Also, the reported emission reductions of the CDM project activity must be free from material misstatement. The concept of ‘Materiality’ is to prevent material misstatement due to errors, omissions, and misrepresentations in the reported emission reductions and to ensure that used numbers or conclusions are produced in correct manner. Therefore, it differs from the concept of ‘Uncertainty’ in view of technical aspects based on baseline methodology and monitoring methodology. The definition of ‘Materiality’ here doesn’t include ‘Uncertainty’ by degree of accuracy in monitoring method on emission sources. The inclusion of all emission sources on monitoring items is essential for considering Baseline setting and Monitoring work.

VVM should describe how ‘Materiality’ is calculated? and what is the basis on ‘Materiality’ 1% of final emission reductions in a large project, and 5% in a small project?

Yours sincerely,



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