

20 January 2012

Dear Sir/Madam,

Our input on the [draft Guidelines for data quality in the establishment of standardized baselines](#) by the CDM Executive Board at its sixty-fifth meeting is as the followings:

1. The content of objectivity partially missing or inappropriately defined as far as the principles on data quality confused as objectives in paragraph 11 and other relevant paragraphs

It is well known that the accounting principles on data quality in International Accounting Standards are mainly four of intelligibility, relevance, reliability and comparability, thereof the reliability still including the intention of authenticity, substance over form, neutrality, cautions and completeness, etc.¹

The same to the general accounting principles on data quality in Chinese Accounting Standards that include seven of objectivity, substance over form, relevance, consistency, comparability, timeless and details, and other relevant two for revision of cautions and materiality, thereof the objectivity including intention of authenticity, credibility and verifiability.²

Some of the principles on data quality listed above for accounting have almost the same or similar definition with those of data quality objectives as stated in paragraph 11, such as cautions with conservativeness, timeless with currency and verifiability with traceability.

But for other principles on data quality, such as objectivity, only part of credibility for it remained as objectivity for objective shown in paragraph 11, without the intention of authenticity and real fact as a basis in practice included in International Accounting Standards and Chinese Accounting Standards.

In fact the general accounting principles in Chinese Accounting Standards are divided by Chinese accounting experts in to at least two levels of objectivity and substance over form as basic principles and the others as common principles that the former are the basis for the later which are derived from the former and specialties accordingly.¹

The general principles, especially the basic principles, shall play the most important basic role in terms of both guiding document drafting and compilation and processing unexpected cases and complicated problems.

It has essential difference between principle and objective that the principle is the guidance that must be obeyed and implemented throughout the process but the objective is the aim that may be achieved as try or may not necessarily be achieved in the end.

Therefore, it is recommended that the principles and requirements as objectives outlined in paragraph 11 be separated from section IV of the draft guidelines and put on a highlighted position accordingly, by reference to those in Chinese Accounting Standards preferred as well as International Accounting Standards since the accounting standards have the most similar

¹ China and Foreign Accounting Comparing and Internationalized Research, Xiao-li Guo, China Agricultural Science and Technology Press, Version 01, 05/ 2011, ISBN 978-7-5116-0441-5.

《中外会计准则比较与国际化研究》，郭晓莉编著，中国农业科学技术出版社，2011年5月第1版，ISBN 978-7-5116-0441-5。

² New Accounting System Spreading Series of Books — Guidance to Enterprise Accounting System in Practice: Methods and Cases (Front Part), Page 21 to 26, Yong-feng Chen, China International Broadcasting Press, Version 01, 01/2002, Beijing, ISBN 7-5078-2055-6/F • 254.

《新会计制度推广丛书——企业会计制度实务指南：方法与案例》(上册)，陈永凤编著，中国国际广播出版社，2002年1月北京第1版 (ISBN 7-5078-2055-6/F • 254)，第21-26页。

characteristic system with CDM, particularly on data quality. The same problem seems appeared in the Clean Development Mechanism Validation and Verification Standard and other documents involved as well.

The missing or partially missing basic principles of objectivity and substance over form has led to serious errors in validation of CDM project activities by DOEs, and for the details pleas refer to our new draft thesis: Led to Over Conservative Problems in Data Processing due to Missing the Leading Position for Objectivity in Validation by DOEs — Study and Deliberation for the Reasons on the Projects in China Refused by EB for and Withdrawn from Registration of CDM, attached in Chinese.

2. DOEs probably not being a proper conductor to assess the quality data used to establish the standardized baseline by DNAs as in paragraph 7 and other relevant paragraphs

As stated in paragraph 11 and relevant paragraphs, it is doubt that:

- a. A DOE to be authorized to take an assessment report and subsequence activities directly on the quality data used to establish the standardized baseline by DNAs might cause harm to sovereign of a nation's as a DNA is not only the designated nation's authority in CDM granted by United Nations but also the representative of government of a country in spite of the fact that establishment and review of the quality assurance (QA) and the quality control (QC) procedures is DOEs' cup of tea and their involvement in the process is restricted in paragraph 10;
- b. A DOE has an ability to take a meaningful and unbiased assessment report and subsequence activities against conflict of interest as required by EB because this assessment would be much more complicated, more cost, more various in situation on site and larger area than a CDM project as well as less experience and poorer access to raw data and primary data for a DOE so that it could be reproduced and checked or cross-checked, etc. even if experts from outside are taken account of.

It seems essentially to raise the level of reviewer to secretariat of EB to take the implementation of the assessment report and subsequence activities as intended,³ instead of DOEs.

Regards,

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³ See the root note 3 on page 2 of the referenced drat guidelines.