

DRAFT

Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (CDM)

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A. Introduction

1. In accordance with the modalities and procedures for a clean development mechanism¹ (CDM M&P)², the Executive Board (EB) of the clean development mechanism (CDM) shall accredit operational entities which meet the CDM accreditation requirements and recommend the designation of such entities to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP).
2. This document (hereinafter referred to as “CDM accreditation procedure”) contains the procedure to operationalize the accreditation of operational entities by the 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 any applicant entity (AE) and any designated operational entity (DOE) of any such revisions. Any revision shall be immediately made public on the UNFCCC CDM website. A revised CDM accreditation procedure supersedes any previous version of this document as of the date indicated on the document. A revision to a step in the procedure shall not be applied retroactively if an AE started to undergo this step of the procedure before the relevant revision took effect.
3. Figure 1 provides the scheme for the CDM accreditation procedure. The responsibility of each actor in this scheme, as elaborated in section C. below, is as follows:
 - 3.1. The **COP/MOP** designates operational entities based on a recommendation by the EB.
 - 3.2. The **EB** takes the decision whether or not to accredit an AE³ and recommend it to the COP/MOP for designation.⁴
 - 3.3. The **CDM accreditation panel (CDM-AP)** is responsible for preparing a recommendation to the EB regarding the accreditation of an AE based on assessment work conducted by a CDM assessment team (CDM-AT). The CDM-AP is also responsible for preparing recommendations regarding unscheduled surveillance, re-accreditation and accreditation for additional sectoral scope(s). The CDM-AP provides guidance to and approves the work plan of each CDM-AT.
 - 3.4. A **CDM assessment team**, under the guidance of the CDM-AP, undertakes the detailed assessment of an AE and/or DOE, identifies non-conformities and reports to the CDM-AP. A CDM-AT shall be established by the CDM-AP which draws members from a roster of experts established by the EB for this purpose. For witnessing purposes, the team shall include a methodological expert.
 - 3.5. The **secretariat** supports the implementation of the CDM accreditation procedure.

¹ See Annex D.5. for abbreviations used in this document.

² See decision 3/CMP.1 contained in the report of the seventh session of the Conference of the Parties (FCCC/CP/2002/13/Add.2 available on the UNFCCC CDM (<http://unfccc.int/cdm>) or UNFCCC (<http://unfccc.int>) web site).

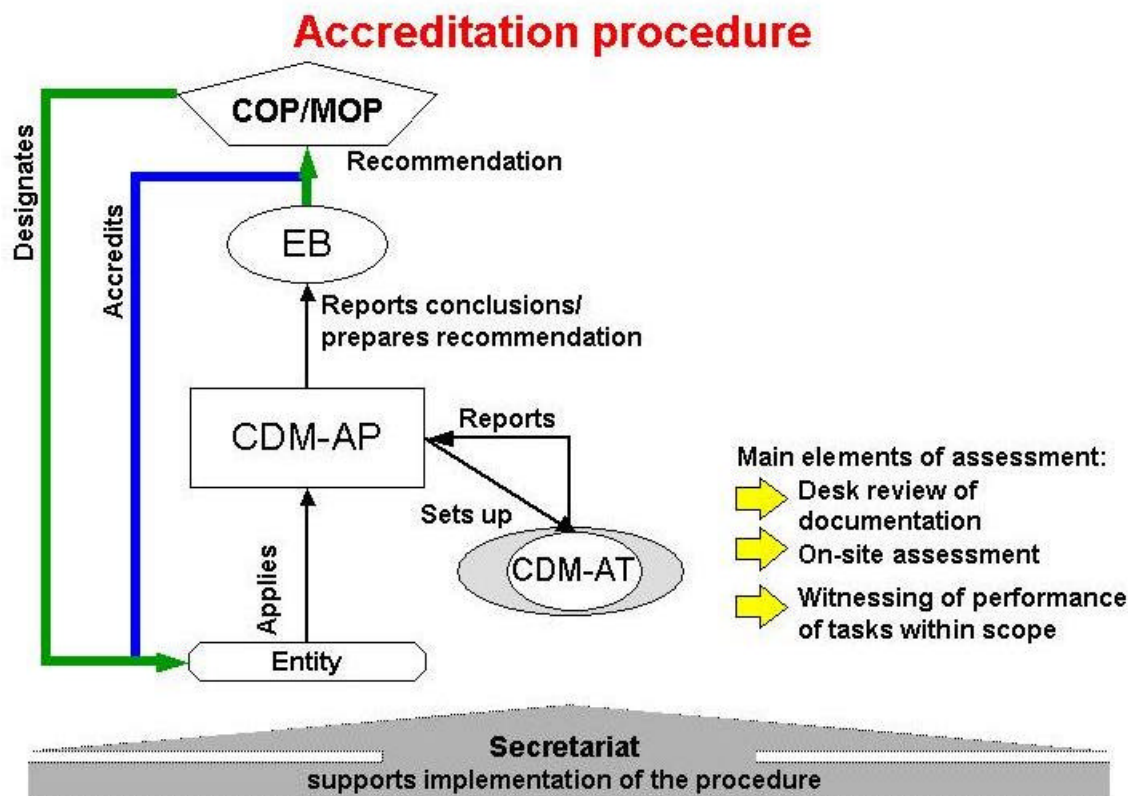
³ The terms used in this document are: “Entity” = prior to application; “applicant entity (AE)” = once application has been duly submitted/subject to a procedure contained in this document; “designated operational entity (DOE)” = after designation by COP/MOP; bearing in mind footnote 3 to paragraph 1 above.

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.

4. The assessment of an AE consists of three main elements:
 - 4.1. **Desk review** by a CDM-AT of the documentation submitted by an AE against the CDM accreditation requirements;
 - 4.2. **On-site assessment** on the premises of the AE by a CDM-AT. The purpose of this assessment is to confirm whether the operational capability of the AE meets the requirements provided in the documentation provided by the AE. The assessment is to provide the assurance that the AE has the potential to perform the tasks related to the “sectoral scope(s)” of accreditation for which it has applied. Only those premises of an AE where the on-site assessment took place shall receive the accreditation/designation as an operational entity. Any other part of that entity is not accredited/designated.
 - 4.3. **Witnessing** by the CDM-AT of the performance of tasks by an applicant entity⁵ which relate to the scope of accreditation for which it has applied (for more information on scope of accreditation see section B). Witnessing activities provide the opportunity for the CDM-AT to witness the performance of tasks by an applicant entity which relates to the scope (or a group of sectoral scope(s)) of accreditation for which it has applied. The purpose of a witnessing activity is to assess whether an AE is implementing its tasks in line with its documented quality policy and procedures, including its procedures for performing validation and verification and certification of CDM project activities within the scope applied for. The scope of witnessing shall include an assessment of the substantive decision-making capacity of the entity. Witnessing activities shall be required both for validation and verification functions. At the stage of validation, and, if appropriate, verification and certification, may be undertaken by considering documentary evidence (e.g. a “procedural report”) provided by an AE on how validation or verification and certification has been performed. The CDM-AP shall try to time witnessing activities in a manner which minimizes costs for an AE. Validation and/or verification and certification activities, witnessed during the accreditation procedure, are considered valid if the applicant entity is successfully accredited by the EB. (See details in annex Witnessing)
5. In accordance with paragraph 20 (e) of the CDM M&P, the EB shall conduct a “spot-check” at any time with a view to assessing whether a DOE still meets the accreditation requirements. A “**spot-check**” is an unscheduled assessment activity of a DOE involving the CDM-AP and CDM-AT on the basis of which the CDM-AP shall prepare a recommendation to the EB. The EB shall take a final decision on the status of accreditation of a DOE which has undergone a “spot-check”(for more information see section C.5.).

⁵ The tasks witnessed shall be carried out on either proposed and/or registered CDM project activities, as applicable.

Figure 1



B. Scope of accreditation

B.1. Definition of scope of accreditation

6. The scope of accreditation of a DOE is defined by the EB to be composed of functions (validation and verification/certification) and sectoral scope(s) of accreditation. The scope with regard to functions specifies the limits to the work of a DOE in validation or verification/certification areas. Whereas a sectoral scope(s) of accreditation sets the limits for work which a DOE may perform under the CDM with regard to validation as well as verification and certification related to identified sector(s) (referred to hereinafter as “sectoral scope(s)”⁶) and determines the requirements it shall meet in addition to those determined in Appendix A to the CDM M&P.
insert footnote: “group of sectoral scopes”

B.1.1. Phasing of accreditation

7. The accreditation of an operational entity may be undertaken in phases, both in functions and sectoral scope(s) and shall be recommended on the basis of sectoral groups. The phasing of accreditation depends on the successful completion of a witnessing activity for a particular sectoral group and size of the project activity. The accreditation of an entity for one function for a group of sectoral scopes may lead the entity for accreditation for the other function once the entity is accredited for the other

⁶ “Sectoral scope(s)” of accreditation are established towards operationalizing the requirements contained in sub-paragraphs 1 (b) and 1 (f) (vi) of appendix A to the CDM M&P and for providing the potential for wider geographical distribution of designated operational entities. The development of “sectoral scopes” is guided by the sector/source categories contained in Annex A of the Kyoto Protocol.

function in the same or different sectoral group. If the accreditation for the other function is in other group of sectoral scopes, the entity may be accredited at the same time for the function in that sectoral group for which the entity is accredited in other function.

8. An entity can only be accredited for its both functions, i-e validation and verification/certification, if a witnessing activity in a sectoral scope has been successfully undertaken, in each of the two functions, on the basis of one large scale project activity. In any event, before being accredited for both functions, the AE shall have successfully concluded the desk review, the on-site assessment and witnessing activities for the recommended sectoral scopes. The full accreditation shall only be granted to an AE once all validation and verification/certification activities have been successfully witnessed in accordance with the work plan related to the AE.
9. An entity may apply to be accredited for at least one “sectoral scope”. A DOE may apply to be accredited for additional “sectoral scope(s)”.

B.2. Procedure to develop the list of “sectoral scopes” of accreditation

10. 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”.
11. The CDM-AP may add a new sectoral scope(s) to the list of sectoral scope(s).
12. In addition, an AE/DOE may propose new “sectoral scope(s)” which it applies for.
13. 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.
14. At the meeting at which the CDM-AP considers the application file (see section C.1.), it shall, prior to considering any other part of the application documentation:
 - 14.1. Consider any “sectoral scope(s)” proposed by the AE;
 - 14.2. Define, taking into account the possibility of revising existing scope(s), new “sectoral scope(s)”, if applicable.
15. 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 C.1.) by considering the application file. The newly defined “sectoral scope(s)” shall be registered in the list of “sectoral scopes”.
16. 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 “CDM accreditation procedure” shall apply with the following modifications:
 - 16.1. 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)”.
 - 16.2. The AE shall be informed of:
 - 16.2.1. The new “sectoral scope(s)”;
 - 16.2.2. The additional requirements and/or documentation required, if applicable;
 - 16.2.3. The composition of the CDM-AT.

17. The DOE/AE shall be given an opportunity to apply for a new sectoral scope(s) within six (6) months, 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 section D.3. Annex on fees and costs)
18. In accordance with the accreditation procedure, the AE shall reply in writing within six (6) working days whether it wishes to proceed with its application for the new “sectoral scope(s)” or withdraw its application.
19. 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”.
20. 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 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 15 days period.
21. The accreditation procedure (see section C.1.) shall be implemented thereafter.

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

C.1. Accreditation

22. The accreditation procedure comprises⁷ the following main steps:
 - 22.1. The application for accreditation by an entity;
 - 22.2. The preliminary consideration of the application file by the CDM-AP;
 - 22.3. The desk review by a CDM-AT of the documentation provided by the AE;
 - 22.4. On-site assessment by the CDM-AT on the premises of the AE;
 - 22.5. A number of witnessing activities⁸ by the CDM-AT as requested by the CDM-AP, to assess whether the AE can perform validation and verification/certification tasks⁹ as a DOE in the scope of accreditation for which it has applied for;
 - 22.6. The reporting of the CDM-AT to the CDM-AP;
 - 22.7. The recommendation on accreditation by the CDM-AP to the EB;
 - 22.8. The decision by the EB¹⁰ on accreditation and, therefore, recommendation for designation to the COP/MOP.
23. An entity shall submit to the secretariat a duly completed application form (F-CDM-A¹¹) and all the documentation specified in the annex “Application documents”¹². Unless otherwise stipulated in the “CDM accreditation procedure”, all information, communications and meetings shall be confidential.

⁷ The accreditation procedure shall be implemented using, to the extent possible, teleconferencing and electronic communication facilities.

⁸ See footnote 6 above.

⁹ In accordance with decisions of the Executive Board on the definition of scope of accreditation, an applicant entity shall only be accredited and designated if it qualifies for both validation as well as verification and certification with regard to “sectoral scope(s)” applied for. The Executive Board agreed, however, that a phased approach is possible in accordance with its conclusions at its sixth meeting.

¹⁰ See footnote 5 above.

24. The secretariat shall start processing an application upon receipt of the non-reimbursable application fee. As the costs of accreditation are to be borne by the AE (see annex “Fees”), the related step in the accreditation procedure shall only be implemented once payments are received. The processing of applications shall be commenced in the order in which the application fees are received.
25. The secretariat shall check the completeness and adequacy of documents and information submitted against requirements. If the documentation is found incomplete, the secretariat shall inform the AE of the missing elements it has identified. The accreditation procedure shall be continued once all documentation is received.
26. The AE shall inform the CDM-AP in writing of any change pertaining to the information submitted and/or required for accreditation. Depending on the nature and timing of the changes, there may be a cost associated with the changes indicated by the entity. (see annex “Fees”)
27. 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 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 15 days period. If the AE proposes new sectoral scope(s), this information shall be published in accordance with the procedure in section B.2.
28. If the application documents are complete, the secretariat shall prepare an application file and send it to the CDM-AP. The file shall contain:
 - 28.1. All application documents;
 - 28.2. Suggestions with regard to:
 - 28.2.1. A list of possible candidates for the CDM-AT¹³ (identifying those qualified as team leaders);
 - 28.2.2. A draft work plan.
29. The draft work plan shall include any particular issues for the CDM-AP to consider.
30. The CDM-AP, at its next meeting, shall:
 - 30.1. Review the application documentation and, as appropriate, consider and review the particular issues identified for the assessment. The CDM-AP may decide to review the application documentation electronically;
 - 30.2. Choose the members of the CDM-AT and identify the CDM-AT team leader. A CDM-AT shall consist of at least three members, among them the team leader. The size

¹¹ Requirements implicit in the questions contained in the forms shall be considered as prescriptive and as explicit provisions reflecting the intention of the generic provisions described in Appendix A to the CDM M&P “Standards for the accreditation of operational entities”. The list of forms is available in the annex “Forms used in the CDM accreditation process”. The application form is available on the UNFCCC CDM web site in the section “Designated operational entities” or can be requested from the secretariat.

¹² The CDM-AP shall only accept the application from a legal entity but not from a section thereof. A person who is formally authorized to represent the legal entity shall submit the application.

¹³ In order to strengthen local capacities in Parties not included in Annex I, an additional representative of a national accreditation body relevant to the field and/or a national expert may be invited to join the activities of the CDM-AT as an observer, at his/her cost and bound by the same confidentiality and non-disclosure agreement applicable to CDM-AT members. The modalities for implementing this provision will need to be considered by the EB in due course. See UNFCCC CDM web site for more information.

of a CDM-AT for a particular application case may be larger depending on the size of the AE, the documentation submitted and the “sectoral scope(s)” of accreditation applied for.

31. The CDM-AP shall inform the AE, through the secretariat, of the composition of the CDM-AT. The AE may object, in writing to the CDM-AP within six (6) working days, to members of the CDM-AT identifying an alleged conflict of interest of the CDM-AT member(s). In case the CDM-AP finds the objection substantiated, it shall identify replacement(s) for the CDM-AT member(s) in question.
32. Each CDM-AT member shall sign the confidentiality and non-disclosure agreement form (F-CDM-CA).

C.2. Desk Review

33. The CDM-AP shall provide the CDM-AT with:
 - 33.1. All information related to the application;
 - 33.2. The conclusions of its preliminary review of the application;
 - 33.3. The reviewed and, if necessary, revised draft work plan for the CDM-AT.
34. The CDM-AT shall, with the assistance of the secretariat:
 - 34.1. Undertake the desk review of the documentation provided by the AE and prepare the desk review report (F-CDM-DOR)¹⁴;
35. The team leader, in consultation with his team, shall identify, if necessary, which documentation is not adequate and therefore shall be provided by the AE. The team leader and the team members shall be guided by the principle that adequate documentation, as specified in the annex D1 “application documents”, shall be provided prior to the on-site assessment. Other clarifications and supporting documentation shall be provided during the on-site assessment. All issues of inadequacy shall be resolved. The CDM-AT shall request for any additional documentation by using the form (F-CDM-DOEt)
36. The AE shall be informed, through the secretariat, of the missing documentation. The AE shall have a deadline of fourteen (14) working days to send documentation, required prior to the on-site assessment. If the AE does not provide such documentation within the deadline, the on-site assessment shall be planned and carried out in accordance with the procedure. However, additional time will be allocated during the on-site assessment to allow for the assessment of the missing required documentation on-site. Any additional cost resulting the extension shall be borne by the AE.
37. The team leader, through the secretariat, shall make the final desk review report available to the AE.

C.3. On-site Assessment

38. The team leader, taking into consideration the availability of the team members and the AE, shall coordinate the date for the on-site assessment.
39. The secretariat shall facilitate the coordination of the on-site assessment.

¹⁴ Requirements implicit in the questions contained in the forms shall be considered as prescriptive and as explicit provisions reflecting the intention of the generic provisions described in Appendix A to the CDM M&P “Standards for the accreditation of operational entities”.

40. The on-site assessment shall consist of the following steps¹⁵:
- 40.1. An opening meeting, chaired by the CDM-AT team leader, between the accreditation team, the AE's management, managers of the units to be involved in the assessment and the person identified by the AE as the official contact person for the CDM-AT. In this meeting, the CDM-AT shall explain its assessment activities;
 - 40.2. An assessment by the CDM-AT of the operational capability of the AE against the requirements:
 - 40.2.1. Contained in the CDM M&P¹⁶;
 - 40.2.2. Related to the particular "sectoral scope(s)" (contained in the Appendix A to the list of "sectoral scope(s)" for which the AE applied;
 - 40.2.3. Relevant decisions and clarifications issued by the EB and the CDM-AP¹⁷;
 - 40.3. A closing meeting, at the end of the on-site assessment, between the CDM-AT and the AE's management to inform the AE of the details of its assessment, at this point in time, regarding conformity with the CDM accreditation requirements, basis for non-conformities and any additional comments. The AE shall have the opportunity to seek clarification and ask questions, if any. The CDM-AT leader shall remind the representatives of the AE that, in accordance with the CDM accreditation procedure:
 - 40.3.1. The AE shall have opportunities to provide comments at later steps as described in the "CDM accreditation procedure";
 - 40.3.2. The final recommendation to the EB will be made by the CDM-AP;
 - 40.3.3. The AE may appeal against the recommendation by the CDM-AP.
41. The CDM-AT, after completion of the on-site assessment, shall have 15 days to prepare the draft on-site assessment report.
42. The AE, after the receipt of the draft on-site report, shall have 30 days to identify corrective actions to resolve non conformities, including timeframes for each action, or to withdraw its application. All actions identified shall be completed within six months. If actions are not completed within six months, the application for accreditation is automatically rejected. The AE may submit a new application for accreditation.
43. Once the AE has submitted documentation affirming that it has completed the corrective actions identified, the CDM-AT shall have 30 days to verify the implementation of all the actions to address non-conformities and prepare, with the assistance of the secretariat, a preliminary report. The preliminary report shall, as a minimum, contain:
- 43.1. The date(s) of the assessment(s);
 - 43.2. The name(s) of the CDM AT members, identifying those responsible for the report;
 - 43.3. The name(s) and address(es) of all the relevant AE sites assessed (on site assessment);
 - 43.4. An assessment of the competence, experience and substantive decision making capacity of the AE in the "sectoral scope(s)" assessed, including the names of key staff encountered and their qualifications, experience and authority;

¹⁵ Forms to be used for the on-site assessment are: F-CDM-OR, F-CDM-NC, F-CDM-MA, F-CDM-MAR

¹⁶ Contained in Appendix A to the Annex to the decision 3/CMP.1.

¹⁷ For relevant decisions and clarifications please refer to the UNFCCC CDM web site (<http://cdm.unfccc.int/>).

- 43.5. The adequacy of the internal organization and procedures adopted by the AE ensuring confidence in the quality of its services;
- 43.6. A description of the conformity of the AE with the accreditation requirements, in particular with regard to key issues identified by the CDM AP and, where applicable, any useful comparisons with the results of previous assessments of the AE;
- 43.7. A description of non-conformities and corrective actions implemented by the AE.
- 44. The CDM-AT shall, upon completion, make the preliminary report, through the secretariat, available to the AE. The AE shall have six days to provide comments on the on-site report and preliminary report.
- 45. The CDM-AT shall prepare its final report (F CDM FR).
- 46. The CDM-AT shall submit its final report (F CDM FR) to the CDM AP. The final report shall contain, as a minimum, the following:
 - 46.1. The preliminary report;
 - 46.2. A description of the actions taken by the AE to correct non-conformities identified in the preliminary report;
 - 46.3. Comments of the AE on the draft final report and a description of how they have been addressed by the CDM AT.
- 47. CDM-AP shall decide whether to issue a letter to the AE indicating the successful completion of the desk review and the on site assessment in accordance with the provisions contained in section C.8.

C.4. Witnessing Activities

- 48. The AE shall identify the witnessing activity(ies) by filling in the form for identification of witnessing activities (F-CDM-WOI). The team leader shall approve the proposed witnessing activities and prepare the work plan.
- 49. A CDM AT shall only choose/accept witnessing activities, identified by the AE, for which the AE has not yet started performing functions which are to be witnessed (i.e. The CDM-AT shall not use documentary evidence that has been collected prior to the date the CDM-AT identified a witnessing opportunity).
- 50. Each witnessing activity¹⁸ identified in the work plan shall be carried out by a minimum of two suitably qualified members of the CDM-AT. One member of the team shall be a methodology expert. The methodology expert shall be responsible for the assessment of the aspects related to substantive decision making capabilities of the AE.
- 51. The witnessing activities shall be based on documentary evidence of an AE performing the functions of validation and/or verification and certification relevant to the “sectoral scope(s)” of accreditation. A team leader, on an exceptional basis, may request for a witnessing to be carried out by including the on-site visit of the AE premises or the project site. Such a request shall require approval from the CDM-AP
- 52. Each CDM-AT member shall prepare a separate witnessing report at the end of each witnessing activity which shall include an evaluation of the performance of tasks by the AE with regard to (a) the “sectoral scope(s)” applied and (b) its knowledge of requirements for a CDM project activity with regard to the relevant step in the project cycle under the CDM M&P, and (c) substantive decision making capabilities of the AE.

¹⁸ Forms used in a witnessing activity are: F-CDM-WR, F-CDM-NC, F-CDM-MA, F-CDM-MAR

53. The CDM-AT may determine; the need for additional witnessing activities for a particular sectoral scope. In this case, it shall prepare a draft revision of its approved work plan and submit it to the CDM-AP for approval. After approval of the draft revised work plan by the CDM-AP, the provisions of the accreditation procedure for identifying witnessing opportunities shall apply.
54. The CDM-AT shall, after each witnessing activity is completed, finalize, within two (2) weeks, the preliminary report (F-CDM-PR). Within this period, the AE shall have six (6) working days after receipt of the draft of the preliminary report to ask for clarifications and/or to comment on the report. The preliminary report shall contain as a minimum:
 - 54.1. The date(s) of the assessment(s);
 - 54.2. The name(s) of the CDM-AT members, identifying those responsible for the report;
 - 54.3. The name(s) and address(es) of all the relevant AE sites assessed (in case the witnessing includes the on-site visit);
 - 54.4. The “sectoral scope(s)” assessed;
 - 54.5. An assessment of the competence, experience and substantive decision making capacity of the AE in the “sectoral scope(s)” assessed, including the names of key staff encountered and their qualifications, experience and authority;
 - 54.6. The adequacy of the internal organization and procedures adopted by the AE ensuring confidence in the quality of its services;
 - 54.7. Description of the validation and/or verification and certification activities witnessed;
 - 54.8. A description of the conformity of the AE with the accreditation requirements, in particular with regard to key issues identified by the CDM-AP and, where applicable, any useful comparisons with the results of previous assessments of the AE;
 - 54.9. An identification and description of non-conformities with requirements related to the “sectoral scope(s)” of accreditation.
55. The CDM-AT shall, upon completion, make the preliminary report available to the AE through the secretariat.
56. The AE shall:
 - 56.1. Consider the preliminary report of the CDM-AT;
 - 56.2. Have 30 days to identify corrective actions to resolve non-conformities, including timeframes for each action, or to withdraw its application. All actions identified shall be completed within six months. If actions are not completed within six months, the application for accreditation is automatically rejected. The AE may submit a new application for accreditation.
57. The AE may propose witnessing activities related to other sectoral scopes or function.
58. The CDM-AT shall have 30 days to verify the implementation of all the actions to address non-conformities and prepare, with the assistance of the secretariat, a draft final report.
59. The AE shall have the opportunity to comment within six (6) working days on the draft final report.
60. The CDM-AT shall submit its final report (F-CDM-FR) to the CDM-AP. The final report shall contain, as a minimum, the following:
 - 60.1. The preliminary report;

- 60.2. A description of the actions taken by the AE to correct non-conformities identified in the preliminary report;
 - 60.3. Comments of the AE on the draft final report and a description of how they have been addressed by the CDM-AT;
 - 60.4. Conclusions regarding accreditation for consideration by the CDM-AP.
61. The CDM-AP shall consider the final report by the CDM-AT and submit to the EB:
- 61.1. The final report by the CDM-AT;
 - 61.2. Its considerations and conclusions regarding accreditation;
 - 61.3. Its recommendation as to whether or not to accredit the AE.
62. The CDM-AP shall inform the AE of its recommendation. The AE shall have six (6) working days to appeal against this recommendation or to withdraw its application. An appeal shall be addressed to the EB in accordance with the provisions contained in the annex “Appeals procedure”.
63. The information submitted by the CDM-AP to the EB regarding accreditation of an AE shall be considered as confidential.
64. The EB shall consider the submission by the CDM-AP in a closed session at its next meeting. The EB Rules of Procedure regarding availability of documents prior to its meetings shall apply.
65. The EB shall decide whether to:
- 65.1. Recommend, by accrediting the AE to the COP/MOP for designation¹⁹ as an operational entity specifying the “sectoral scope(s)”; or
 - 65.2. Reject the application and provide an explanation for the rejection.
66. The EB shall inform the AE of its decision and make the decision publicly available in accordance with the Rules of Procedure of the EB.
67. The accreditation of the operational entity for any “sectoral scope” shall be valid for three (3) years from the date of accreditation by the EB. The designation by the COP/MOP shall be valid until the expiry date of the accreditation. No regular surveillance shall be undertaken within this three-year-period. Unscheduled surveillance (“spot-check”) shall, however, be undertaken in accordance with the provisions contained in section C.2.
68. A DOE shall have the opportunity for re-accreditation in accordance with the provisions of section C.3.

C.5. Unscheduled surveillance (“spot-check”)

69. The EB is authorized, in accordance with the CDM M&P to conduct “spot-check” activities (i.e. unscheduled surveillance) of DOEs at any time. The following provisions shall apply.
70. The consideration by the EB to conduct a “spot-check” of a DOE may be triggered by, *inter alia*:
- 70.1. A request for review submitted in accordance with the relevant provisions contained in the CDM M&P with regard to the registration of a project activity or the issuance of CERs;
 - 70.2. Information received on any changes which may significantly affect the quality of operations and performance of the DOE, such as regarding ownership, organizational

¹⁹ See footnote 5.

structure, internal policies and procedures, technical expertise of personnel (in accordance with section C.6.);

- 70.3. A written, substantiated complaint regarding the alleged failure of a DOE to comply with the requirements of its accreditation submitted to the EB by:

70.3.1. Another DOE;

70.3.2. An NGO accredited with UNFCCC;

70.3.3. A stakeholder²⁰.

71. Once the EB has decided to conduct a “spot-check”, the secretariat shall inform the DOE concerned and the CDM-AP. The DOE shall pay for the cost of a “spot-check” in accordance with the annex “Fees”.

72. The CDM-AP shall consider the case and

72.1. Establish a CDM-AT;

72.2. Conclude, depending on the gravity of the case, whether:

72.2.2. To recommend to the EB the immediate suspension, pending the result of the “spot check”, of the accreditation of the DOE and/or;

72.2.2. To agree to an exception to the procedure such as a limited on-site assessment and/or witnessing activity by the CDM-AT or limitations of the assessment to particular requirements related to the “sectoral scope(s)” of accreditation put in question.

73. “Spot-checks” shall be carried out in accordance with applicable steps of the accreditation procedure (see section C.1).

74. In accordance with the CDM accreditation procedure, the EB shall decide, based on the documents submitted by the CDM-AP, whether to:

74.1. Confirm the accreditation and designation of the DOE;

74.2. Confirm the suspension and recommend to the COP/MOP either the suspension or the withdrawal of designation of the spot-checked DOE (in accordance with paragraph 5 (f) (i) of the CDM M&P). In accordance with the provisions of paragraph 21 of the CDM M&P, the suspension or the withdrawal is with immediate effect and remains in effect pending a final decision by the COP/MOP.

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

C.6. Re-accreditation

76. The secretariat shall inform the DOE six months before the expiry date of the accreditation of a DOE and request to confirm whether it wishes to apply for re-accreditation.

77. The DOE shall submit to the secretariat the documentation specified in the annex “Application documents”. In addition, the DOE shall submit to the secretariat a compiled list of project activities

²⁰ 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.

validated and/or verified in the last accredited period indicating the full status for such project activities. The DOE shall pay non-reimbursable application fee.

78. The activities to be undertaken by the CDM-AT in the re-accreditation process shall include desk-review of documentation, an assessment of work performed during the last accredited period, on-site assessment, and a witnessing of a large-scale project activity for each function. The witnessing activity may be combined with the on-site assessment if such opportunity exists. This re-accreditation process shall be undertaken with a view to the EB making a decision regarding recommending re-designation, suspension, withdrawal and reduction of “sectoral scope(s)” of a DOE based on the recommendation of the CDM-AP.
79. In the event that a DOE is unable to provide large-scale project activity(ies) for witnessing, the DOE may propose a witnessing opportunity involving a small-scale project activity, for each function. Provided that such a witnessing is successful, the DOE shall only be re-accredited to perform that function for the sectoral group of the small-scale project activity.
80. A DOE may request re-accreditation at an earlier time to group the re-accreditation or accreditation of several “sectoral scope(s)” into one re-accreditation process.

C.7. Accreditation for additional “sectoral scope(s)”

81. A DOE may submit an application to be accredited for additional “sectoral scope(s)” at any time. The procedural steps for accreditation described in the section C shall apply. The annex “Application documents” specifies the documentation to be submitted by a DOE requesting additional “sectoral scope(s)”.
82. The DOE applying to be accredited for additional “sectoral scope(s)” shall have the opportunity to request, at the same time, the re-accreditation for other “sectoral scope(s)” for which it is already accredited. This may enable the DOE to streamline its re-accreditation schedule and reduce costs.
83. The work of the CDM-AP and the CDM-AT shall be designed in a way to minimize costs by taking into consideration, as applicable, those “sectoral scope(s)” for which the AE is already designated as well as recent work of the CDM-AP and/or CDM-AT with the same AE.
84. The recommendation of the CDM-AP to the EB, referred to in the procedural steps for accreditation (see section C.1.), shall distinguish between accreditation for additional “sectoral scope(s)” and, if applicable, re-accreditation.

C.8. Procedure in case a letter is to be issued indicating the successful completion of the desk review and the on-site assessment

85. If further witnessing activities remain to be undertaken by the CDM-AT once the desk review and the on-site assessment of an AE have been completed, the CDM-AP shall decide whether to issue a letter to the AE (referred to as “indicative letter”) stating that:
 - 85.1. The recommendation by the CDM-AP to the EB to accredit the AE, for the “sectoral scope(s)” it is applying for, is depending on the successful completion of remaining witnessing activities;
 - 85.2. The validation and/or verification and certification activities witnessed and considered to have been successfully performed during these remaining witnessing activities shall be considered recognized from a procedural point of view by the EB once the EB accredits the AE.
86. For this purpose, the accreditation procedure (see section C.1.) shall be applied as modified below.

87. The procedural steps in paragraph 39 to 45 shall apply with the following modifications:
- 87.1. The draft of the preliminary report (F-CDM-PR), referred to in paragraph 39, shall be limited to aspects related to the desk review and the on-site assessment and not include any aspects related to a witnessing activity.
 - 87.2. Instead of considering a recommendation to the EB regarding accreditation of the AE (see paragraph 45), the CDM-AP shall solely decide whether the AE in question meets the requirements limited to desk review and on-site assessment and an “indicative letter” shall be issued to the AE.
88. The CDM-AP shall inform the EB and the relevant AE of its decision and, if applicable, issue the “indicative letter”.
89. The relevant AE may appeal against this decision by the CDM-AP in accordance with the provisions in the annex “Appeals procedure”.
90. The secretariat shall maintain a public record of “indicative letters” issued.
91. While the above procedure for issuing an “indicative letter” is under way, any remaining witnessing activities shall be initiated and carried out in accordance with the procedural steps contained in paragraph 37 to 45 with the following modifications:
- 91.1. The draft of the preliminary report (F-CDM-PR), referred to in paragraph 44, shall be limited to aspects related to witnessing;
 - 91.2. The final report to the CDM-AP referred to in paragraph 45 shall contain:
 - 91.2.1 The preliminary report;
 - 91.2.2. A description of actions taken by the AE to correct non-conformities identified;
 - 91.2.3. Comments of the AE on the draft final report limited to aspects related to witnessing and how they have been addressed;
 - 91.2.4. Conclusions by the CDM-AT regarding accreditation for consideration by the CDM-AP.
 - 91.3. The documents to be submitted to the EB by the CDM-AP, in accordance with paragraph 46, are as follows:
 - 91.3.1. The final report by the CDM-AT;
 - 91.3.2. The documentation supporting its decision to issue the “indicative letter”;
 - 91.3.3. Its conclusions regarding accreditation for consideration by the EB;
 - 91.3.4. Its recommendation as to whether or not to accredit the AE.
92. Paragraphs 46 to 52 in section C.1. apply without modification.

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

93. An AE/DOE shall inform the secretariat, within ten (10) working days, of significant changes affecting its:
- 93.1. Legal, commercial or organizational status, e.g. ownership, partnerships;
 - 93.2. Key professional staff;
 - 93.3. Management system;
 - 93.4. Compliance with accreditation requirements.

94. The changes notified by the AE/DOE may require additional work for the CDM-AP and CDM-AT with possible cost implications. For information on costs see Annex D.3. on fees and costs).
95. If an entity does not notify the secretariat of changes within the deadline, the entity shall be liable to a fine determined by the CDM-AP.

D. Annexes

D.1. Annex: "Application documents"

1. In case of an application for accreditation, the AE shall provide the following documents/written information in eight (8) copies to the secretariat. Documents have to be submitted in an official English version as the working language of the EB is English:
 - 1.1. Documentation on its legal entity status (either a domestic legal entity or an international organization) (*CDM M&P*²¹);
 - 1.2. 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*);
 - 1.3. An organizational chart showing lines of authority, responsibility and allocation of functions (*CDM M&P*);
 - 1.4. 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;
 - 1.5. Administrative procedures including document control (*CDM M&P*);
 - 1.6. Its policy and procedures for the recruitment and training of DOE personnel, for ensuring their competence for all necessary validation as well as verification and certification functions, and for monitoring their performance (*CDM M&P*);
 - 1.7. Its procedures for handling complaints, appeals and disputes (*CDM M&P*);
 - 1.8. 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)”;
 - 1.9. 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*);
 - 1.10. A statement that operations of the AE are in compliance with applicable national laws;
 - 1.11. 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*):
 - 1.11.1. 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*);
 - 1.11.2. A clear definition of links with other parts of the organization, demonstrating that no conflict of interest exists (*CDM M&P*);
 - 1.11.3. A demonstration that no conflict of interest exists between its functions as an DOE and any other functions that it may have, and how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all sources of conflict of interest, whether they arise from within the AE or from the activities of related bodies (*CDM M&P*);

²¹

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

- 1.11.4. A demonstration that it, together with its senior management and staff, is not involved in any commercial, financial or other processes which might influence its judgement or endanger trust in its independence of judgement and integrity in relation to its activities, and that it complies with any rules applicable in this respect (*CDM M&P*).
2. In the case of an application for re-accreditation or additional “sectoral scope(s)”, the DOE shall submit, as applicable:
 - 2.1. Particular documents related to “sectoral scope(s)”;
 - 2.2. Documents²² required for accreditation ensuring that all information available to the EB and the CDM-AP reflects the most up-to-date state of information.

D.2. Annex: “Appeals procedure”

1. After being informed of a recommendation by the CDM-AP to the EB, an AE shall have the opportunity to appeal against the recommendation within six (6) working days. The appeal may only address the qualification of the CDM-AT and/or non-compliance with procedures.
2. The appeal shall be submitted in writing to the designated officer in the secretariat.
3. The designated officer shall immediately inform the CDM-AP and the EB of the appeal.
4. The designated officer shall submit to the EB, for consideration at its next meeting, taking into consideration deadlines for the submission of documents provided for in the EB Rules of Procedure, a file containing:
 - 4.1. The appeal submitted by the AE;
 - 4.2. The recommendation of the CDM-AP challenged by the entity;
 - 4.3. A list of five (5) candidates for an appeal panel.
5. The EB shall consider the file and establish an appeal panel of three (3) members.
6. The appeal panel shall prepare a recommendation regarding the appeal for consideration at the next meeting of the EB.
7. The cost for conducting an appeals procedure shall be covered in accordance with the provisions in the annex “Fees”.

D.3. Annex: “Fees and Costs”

1. This annex provides the structure for fees²³ related to the accreditation of DOEs under the CDM. This annex 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

²² Regarding provisions for notification on change of status of a DOE see section C.6.

²³ For indicative level of fees for different steps of assessment please refer to the UNFCCC CDM web site (<http://cdm.unfccc.int/>).

more than 2 working days, the secretariat will include the cost in its quote referred to in paragraph 5 below.

3. AEs 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 para 1(c) and (d) of Appendix A to the CDM M&P. The remaining 50% of the fee should be paid at a later stage once and if the entity is accredited and designated and starts operation.
4. The non-reimbursable application fee is to be paid at the time the application is submitted. Applications are processed 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 section B.2), a reimbursement of 50 per cent of the non-reimbursable application fee will be effected.

Fee and costs associated with an on-site assessment of the premises of an AOE

6. The AE shall pay directly for the following cost items (dates, schedules and accommodation arrangements to be coordinated through the secretariat):
 - 6.1. Business class airfare for each assessment team member;
 - 6.2. To each team member the applicable UN daily subsistence allowance for the assessment mission (as provided by the UNFCCC secretariat).
7. In addition, the AE shall pay directly to the AT members a fee to cover the cost for the work provided by the CDM-AT members²⁴. 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.
8. The implementation of the on-site assessment is depending on the payment in advance of the costs and the fee indicated.

Costs associated with witnessing

9. The witnessing 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 pays, directly to the AT members, 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. In the case the witnessing includes a site visit the AE shall pay directly for the following cost items (dates, schedules and accommodation arrangements to be coordinated through the secretariat), as applicable:
 - 11.1. Business class airfare for each assessment team member;
 - 11.2. To each team member the applicable UN daily subsistence allowance for the witnessing mission (as provided by the UNFCCC secretariat).
12. In addition the AE pays, directly to the AT members, 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.

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

13. The implementation of a witnessing activity is depending on the payment in advance of the costs and the fee identified in paragraph 8 and 9 of this annex.

Costs associated with changes notified by the AE

14. The following changes which AEs may make during the accreditation process may have some costs implications:
 - 14.1. Addition or subtraction to the list of sectoral scopes applied for;
 - 14.2. Changes in the legal status of the entity;
 - 14.3. Changes in ownership;
 - 14.4. Substantial changes in documentation.
15. The AEs shall not be charged additional fee for these changes if the AE indicates the change(s) before the CDM-AT members have signed the confidentiality and non-disclosure agreements (F-CDM-CA). The AE shall be charged fees equivalent to two days of standard daily fee for a team 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.
16. 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”

17. 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 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

18. 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 20 working days after the quote was provided, the appeal is considered withdrawn by the AE.
19. In case the appealing applicant is given right through the appeals procedure, the AE shall be reimbursed the total amount of the “appeals fee”.

D.4. Annex: “Forms used in the CDM accreditation process”

20. The list below indicates the necessary forms by step of the accreditation procedure (F-CDM-___). 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-DOR = Desk review and on-site assessment report
- F-CDM-Addoc = Form for identification of additional documentation

On-site assessment of the applicant entity

- F-CDM-DOR = Desk review and on-site assessment report
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

Witnessing

- F-CDM-WRval = Witnessing report form – validation
- F-CDM-WRvc = Witnessing report form – verification
- F-CDM-WRval-ssc = Witnessing report form – validation for small scale project activities
- F-CDM-WOI = Witnessing opportunities identification form
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

“Spot-check”/Unscheduled surveillance

- Spot-check/unscheduled surveillance report (to be prepared at a later stage)
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

Other

- F-CDM-CA = Confidentiality and non-disclosure agreement for personnel taking part in an assessment (CDM-AT member)
- F-CDM-FPM = Fee agreement for panel members
- F-CDM-Evat = CDM assessment team evaluation report

Preliminary report

- F-CDM-PR = Preliminary report (includes, as attachments, forms used in the preceding steps)

Final report

- F-CDM-FR = Final report (includes, as attachment, F-CDM-PR)

D.5. Annex: “Abbreviations”

AE		Applicant entity
CDM		Clean development mechanism
“CDM accreditation procedure”		See paragraph 2
“sectoral scope”		See paragraph 6
CDM M&P		Modalities and procedures for the clean development mechanism contained in the report of the seventh session of the Conference of the Parties (FCCC/CP/2002/13/Add.1 available on the UNFCCC CDM web site (http://unfccc.int/cdm) or UNFCCC (http://unfccc.int) web site).
CDM-AP		CDM accreditation panel
CDM-AT		CDM assessment team
COP		Conference of the Parties to the United Nations Framework Convention on Climate Change
COP/MOP		Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
DOE		Designated operational entity
EB		Executive Board of the clean development mechanism
UNFCCC		United Nations Framework Convention on Climate Change