

**CDM-2016SYN-INFO01**

## Regular report

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# Synthesis report of the annual activity reports submitted by the DOEs 2015–2016

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

## COVER NOTE

### 1. Procedural background

1. In accordance with paragraph 27(g) of the “Modalities and procedures for a clean development mechanism” (CDM)<sup>1</sup> and section 18 of the “CDM accreditation procedure” version 12.0, designated operational entities (DOEs) shall submit an annual CDM activity report to the CDM Executive Board (hereinafter referred to as the Board). Every year the secretariat produces a synthesis report of the annual activity reports submitted by the DOEs.
2. Paragraphs 20 and 21 of decision 2/CMP.5 require information to be collected regarding the number of project activities under validation or verification per qualified auditor, and the time frames and average fees for the validation and verification of CDM projects by region. The annual activity reporting process provides an opportunity to gather such information from the DOEs. The information has subsequently been aggregated.
3. At its eighty-seventh meeting, the Board agreed to require DOEs to report on other business activities (e.g. those which include undertaking validation or verification of greenhouse gas assertions in other schemes) in their annual synthesis reports. This mandate has been met by including a new section in which the DOEs can report on other business activities.
4. This work relates to the activity “Regulatory framework” under objective 1(b) “Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism”, with a resource allocation as referred to in table 3 on page 14 of the CDM management plan 2016 (EB 87, annex 1).

### 2. Purpose

5. The purpose of the present report is to enable a range of stakeholders to understand the current status of the operations of DOEs.

### 3. Key issues and proposed solutions

6. The present document is a synthesis report, prepared by the secretariat, of the annual activity reports submitted by DOEs in 2016, in accordance with the requirements of section 18 of the “CDM accreditation procedure” version 12.0, covering the period 1 July 2015 to 30 June 2016.
7. Several observations were drawn from the results presented in the synthesis report:
  - (a) There are at least 14 DOEs accredited in each sectoral scope (excluding sectoral scope 16 on carbon capture and storage (CCS), where there is only one), indicating that there is sufficient coverage of accredited DOEs in each sectoral scope.

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<sup>1</sup> Decision 3/CMP.1

- (b) Geographic coverage is also extensive, with quarter of the DOEs working in countries with fewer than 10 registered CDM projects.
  - (c) There were no complaints received against DOEs.
  - (d) The fees charged by DOEs, trends in income and expenditure, and number of personnel working for the DOEs remain stable and similar to the previous period, noting that between 2012 and 2014 aggressive price cuts and downsizing were observed.
  - (e) Most of the DOEs are active in other business activities that involve validation or verification of greenhouse gas assertions in other schemes other than the CDM.
  - (f) Validation and verification services remain predominately in the hands of a quarter of all DOEs; the distribution of these has changed over time.
8. This report is a public document and will enable a range of stakeholders to understand, in a transparent way, the current status of the operations of DOEs.

#### **4. Subsequent work and timelines**

9. The work on this report will be completed following its consideration at this Board meeting.

#### **5. Recommendations to the Board**

10. The secretariat recommends that the Board take note of the attached information note.

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## **1. Executive summary**

1. This report provides information and analysis regarding the accreditation status of the 36 designated operational entities (DOEs) accredited as at 30 June 2016, the end of the reporting period. It also provides information about the operations of these DOEs and their activities related to the clean development mechanism (CDM), as well as the challenges faced and lessons learned by them, and other activities the DOEs are conducting. The information is taken from the individual annual activity reports, the CDM Information System and decisions of the Executive Board of the CDM (hereinafter referred to as the Board).
2. There are at least 14 DOEs accredited in each sectoral scope (excluding sectoral scope 16 carbon capture and storage (CCS), where there is only one), indicating that there is sufficient coverage of accredited DOEs in each sectoral scope. Geographic coverage is also extensive, with quarter of the DOEs working in countries with fewer than 10 registered CDM projects.

## **2. Introduction**

3. In accordance with paragraph 27(g) of the “Modalities and procedures for a clean development mechanism”<sup>2</sup> and section 18 of the “CDM accreditation procedure” version 12.0 (hereinafter referred to as the CDM accreditation procedure), DOEs shall submit an annual CDM activity report to the Board. Every year the secretariat produces a synthesis report of the annual activity reports submitted by the DOEs.

## **3. Scope**

4. The present document is a synthesis report of the annual activity reports submitted by DOEs in 2016.

## **4. Synthesis report**

### **4.1. Introduction**

5. This report is for the period from 1 July 2015 to 30 June 2016. In addition, for comparative purposes, there are data from the previous four reporting periods, covering the period from 1 July 2011 to 30 June 2015.
6. As in previous iterations, the deadline for submission of the annual activity report was 30 September. All 36 DOEs that were accredited as at 30 June 2016 submitted their annual activity report and supporting documentation (synthesis report of the work of the impartiality committee). Of the 36 DOEs that submitted reports, one submitted the synthesis report of the work of the impartiality committee after the deadline.
7. The data were submitted by DOEs using the form CDM-AAR-FORM (v.4). In addition, this synthesis report draws on other data sources such as the CDM Information System and decisions by the Board.

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<sup>2</sup> Decision 3/CMP.1

## 4.2. Accreditation status

### 4.2.1. Scope(s) accredited for and date of accreditation

8. During the reporting period, no new DOEs were accredited. However, there were three full withdrawals, seven partial withdrawals and two transfers of accreditation occurred.
9. Accredited sectoral scopes are taken from the accreditation certificates. The data are presented in a summary and in table 1 below:
- (a) Average number of sectoral scopes a DOE is accredited for: (8, 9, 9, 10)<sup>3</sup> **9**;
- (b) Number of DOEs accredited in 15 sectoral scopes: (10, 10, 7, 8) **7** (there is only one DOE that is accredited for all 16 scopes);
- (c) Occurrences of suspension during the reporting period: (1, 2, 1, 1) **2**.

**Table 1. Accreditation status of DOEs (as at 30 June 2016)**

Ref.	Entity	Country	Sectoral scope <sup>4</sup> for validation/verification
<b>E-0001</b>	Japan Quality Assurance Organisation (JQA)	Japan	1, 3–5, 10, 13, 14
<b>E-0005</b>	TÜV SÜD South Asia Private Limited (TÜV SÜD)	India	1–15
<b>E-0006</b>	Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd. (Deloitte-TECO)	Japan	1–3, 5, 10, 12, 13, 15
<b>E-0009</b>	Bureau Veritas Certification Holding SAS (BVCH)	France	1–15
<b>E-0010</b>	SGS United Kingdom Limited (SGS)	United Kingdom	1, 4, 7, 10, 13
<b>E-0011</b>	Korea Energy Agency (KEA)	Republic of Korea	1, 3–5, 7, 9, 11–15
<b>E-0013</b>	TÜV Rheinland (China) Ltd (TÜV Rheinland)	China	1–15
<b>E-0016</b>	ERM Certification and Verification Services Ltd. (ERM CVS)	United Kingdom	1, 3-5, 8-10, 13
<b>E-0020</b>	GHD Limited (GHD)	Canada	1, 4, 5, 8–10, 12, 13

<sup>3</sup> For comparative purposes, the data from the 2011–2012, 2012–2013, 2013–2014 and 2014–2015 reporting periods are stated, respectively, in italics in parentheses.

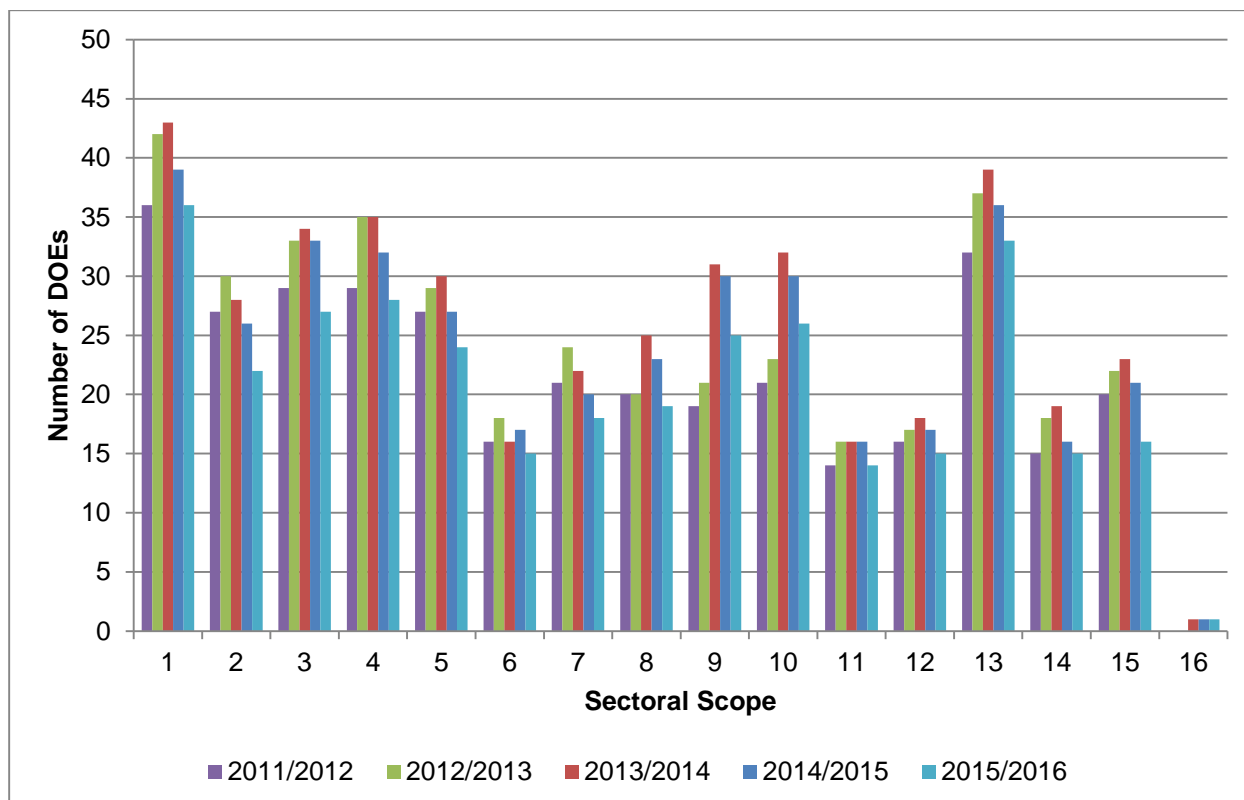
<sup>4</sup> The sectoral scopes are defined in the CDM accreditation standard (v.6) (CDM-EB46-A02-STAN) as follows: 1: Energy industries (renewable/non-renewable sources); 2: Energy distribution; 3: Energy demand; 4: Manufacturing industries; 5: Chemical industry; 6: Construction; 8: Mining/mineral 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; 16: Carbon capture and storage of CO<sub>2</sub> in geological formations.

<b>Ref.</b>	<b>Entity</b>	<b>Country</b>	<b>Sectoral scope<sup>4</sup> for validation/verification</b>
<b>E-0021</b>	Spanish Association for Standardisation and Certification (AENOR)	Spain	1–15
<b>E-0022</b>	TÜV NORD CERT GmbH (TÜV Nord)	Germany	1–16
<b>E-0023</b>	Lloyd's Register Quality Assurance Ltd. (LRQA)	United Kingdom	1–13
<b>E-0024</b>	Colombian Institute for Technical Standards and Certification (ICONTEC)	Colombia	1–3, 7, 13, 14
<b>E-0025</b>	Korean Foundation for Quality (KFQ)	Republic of Korea	1–5, 9, 11, 13
<b>E-0031</b>	Perry Johnson Registrars Carbon Emissions Services (PJRCS)	United States	1–4, 7, 9, 10, 12, 13, 15
<b>E-0032</b>	LGAI Technological Center, S.A. (Applus)	Spain	1, 13
<b>E-0034</b>	China Environmental United Certification Center Co., Ltd. (CEC)	China	1–15
<b>E-0037</b>	RINA Services S.p.A. (RINA)	Italy	1–11, 13–15
<b>E-0038</b>	SIRIM QAS INTERNATIONAL SDN.BHD (SIRIM)	Malaysia	1, 13
<b>E-0039</b>	Korean Standards Association (KSA)	Republic of Korea	1–5, 9, 10, 13
<b>E-0041</b>	Japan Management Association (JMA)	Japan	1-4, 6, 8, 9, 14
<b>E-0044</b>	China Quality Certification Center (CQC)	China	1–15
<b>E-0046</b>	China Classification Society Certification Company (CCSC)	China	1–10, 13
<b>E-0047</b>	CEPREI certification body (CEPREI)	China	1–5, 8–10, 13, 15
<b>E-0050</b>	Hong Kong Quality Assurance Agency (HKQAA)	China	1
<b>E-0051</b>	KBS Certification Services Pvt. Ltd (KBS)	India	1, 3–5, 7, 9, 10, 12, 13, 15
<b>E-0052</b>	Carbon Check (Pty) Ltd (Carbon Check)	South Africa	1–5, 8–10, 13, 14
<b>E-0054</b>	Re-consult Ltd. (Re-consult)	Turkey	1
<b>E-0055</b>	URS Verification Private Limited (URS)	India	1, 13
<b>E-0056</b>	Korea Testing & Research Institute (KTR)	Republic of Korea	1, 4, 5, 9–11, 13
<b>E-0058</b>	Foundation for Industrial Development (MASCI)	Thailand	1, 13

Ref.	Entity	Country	Sectoral scope <sup>4</sup> for validation/verification
E-0061	Shenzhen CTI International Certification Co., Ltd (CTI)	China	1–4, 6–10, 13
E-0062	EPIC Sustainability Services Pvt. Ltd. (EPIC)	India	1–11, 13–15
E-0065	China Building Material Test and Certification Group Co., Ltd (CTC)	China	1–4, 6, 9, 10, 13
E-0066	Earthood Services Private Limited (Earthood)	India	1, 3–5, 8, 10, 12, 13, 15
E-0067	China Certification Center, Inc. (CCCI)	China	1–15

10. The most number of DOEs (36) are accredited in sectoral scope 1 and the least number of DOEs (1) are accredited in sectoral scope 16. Figure 1 below provides an overview of how many DOEs were accredited per sectoral scope. There was a decrease in the number of DOEs accredited per sectoral scope.

Figure 1. Number of DOEs accredited per sectoral scope





#### 4.2.2. Sectoral scopes applied for and status of application

11. Regarding the changes in sectoral scopes during the reporting period:
- (a) Number of DOEs maintaining the sectoral scopes for which they are accredited: (33, 39, 39, 35) **30**;
  - (b) Number of DOEs reducing the sectoral scopes for which they are accredited (i.e. partial withdrawals): (3, 3, 4, 4) **7**;
  - (c) Number of DOEs increasing the sectoral scopes for which they are accredited (i.e. extension of scope): (4, 2, 1, 0) **0**.

#### 4.3. Organization

##### 4.3.1. Major changes reported by the DOEs

12. In accordance with section 17 of the CDM accreditation procedure, a DOE shall inform the secretariat of any planned or unexpected significant changes.
13. The DOEs reported on major changes that had taken place within the reporting period as follows:
- (a) Total number of DOEs reporting major changes: (26, 23, 28, 25)<sup>5</sup> **11**;
  - (b) Total number of changes reported in the period: (53, 60, 76, 69) **21**;
  - (c) Average number of reported changes per DOE: (1, 1, 2, 2) **2**;
  - (d) Highest number of reported changes for a DOE: (9, 5, 8, 7) **5**.
14. The changes were reported as per the CDM accreditation procedure, as outlined below in table 2 and visually displayed in figure 2.

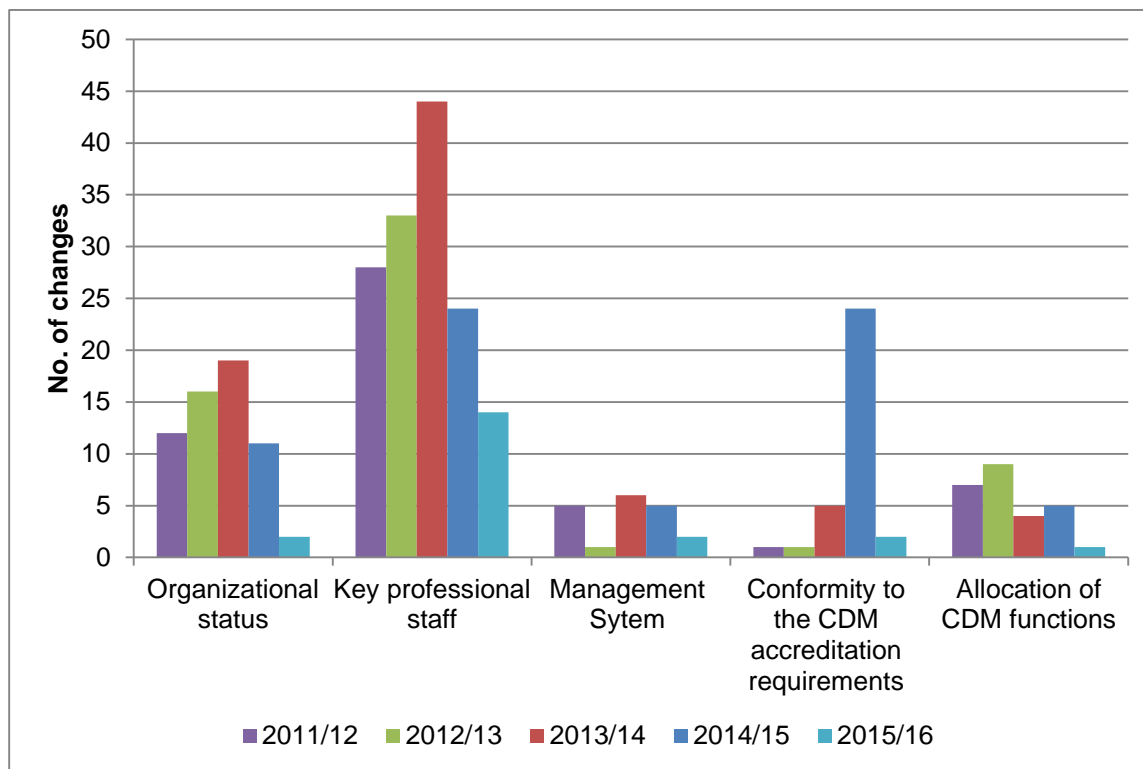
**Table 2. Reported changes in 2015–2016**

Type of change	Description of change	Number of changes
A	Legal, commercial or organizational status, e.g. ownership, partnership	(12, 16, 19, 11) <b>2</b>
B	Key professional staff	(28, 33, 44, 24) <b>14</b>
C	Management system	(5, 1, 6, 5) <b>2</b>
D	Conformity to the CDM accreditation requirements	(1, 1, 5, 24) <b>2</b>
E	Allocation of CDM functions to other offices or outsourced bodies	(7, 9, 4, 5) <b>1</b>

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<sup>5</sup> Percentages throughout this report are given in reference to the source of the data. If the data are taken from the annual activity reports, they are taken from the 36 annual activity reports that were submitted when the present report was compiled. If the data are taken from the CDM information system, percentages are in relation to all 36 DOEs accredited as at the end of the reporting period

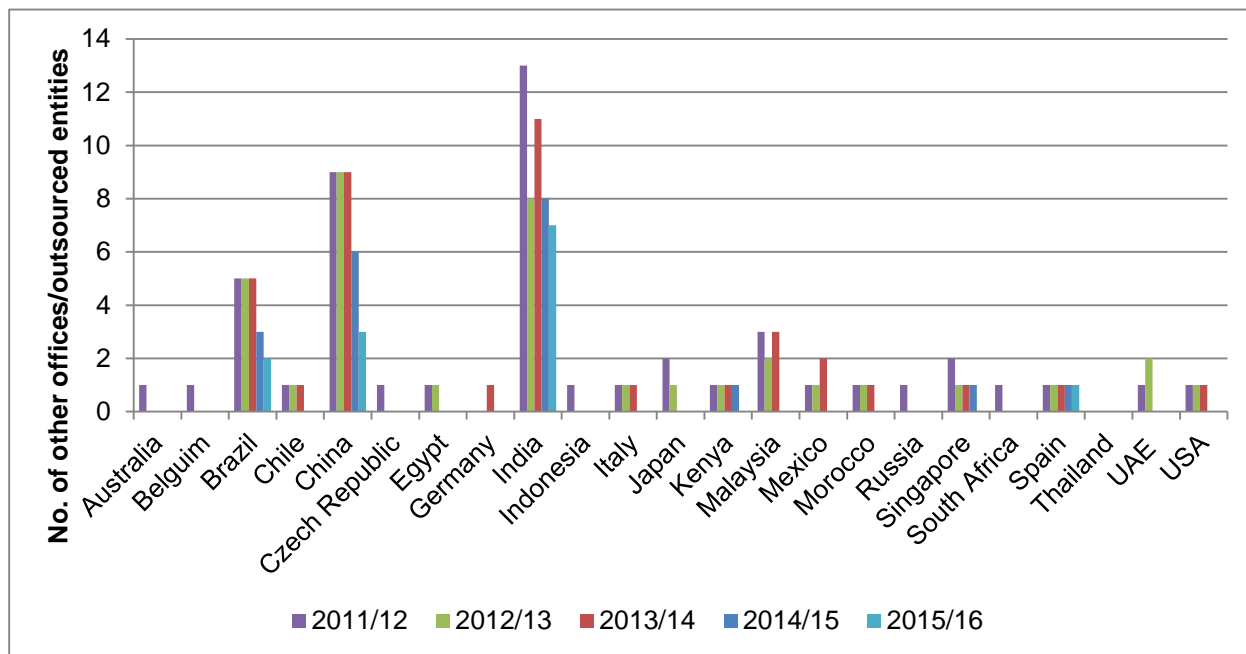
**Figure 2. Changes reported by the DOEs**



**4.3.2. List of outsourced entities/other legal entities to which the DOE outsourced some of the validation and verification/certification functions**

15. In accordance with the CDM accreditation standard, a DOE may outsource some of the validation and verification/certification functions.
16. The DOEs reported on the allocation of functions to outsourced entities that had taken place within the reporting period as follows:
  - (a) Total number of DOEs having outsourced entities: (9, 9, 12, 8) **6**;
  - (b) Average number of declared outsourced entities: (5, 5, 3, 2) **2**;
  - (c) Highest number of outsourced entities for a DOE: (13, 7, 7, 4) **4**.
17. Figure 3 below shows the countries in which the outsourced entities/other legal entities are located, the highest represented countries being India with (13, 8, 11, 8) **7**, China with (9, 9, 9, 6) **3** and Brazil with (5, 5, 5, 3) **2**.

**Figure 3. Location of outsourced entities/other legal offices**



#### 4.3.3. Use of external individuals

18. In accordance with the CDM accreditation standard, DOEs may make use of external validators, verifiers and technical experts.
19. The DOEs reported on the use of external personnel that had taken place within the reporting period as follows:
  - (a) Total number of DOEs utilizing external personnel: (35, 29, 37, 34) **35**;
  - (b) Average number of external personnel utilized per DOE: (17, 19, 21, 18) **14**;
  - (c) Highest number of external personnel utilized by a DOE: (70, 74, 75, 62) **47**.

#### 4.3.4. Management systems

##### 4.3.4.1. Internal audits carried out

20. Of the 36 DOEs that were accredited as at 30 June 2016, five DOEs did not carry out internal audits during the reporting period. In the last reporting period, 36 DOEs that submitted their annual activity reports carried out at least one internal audit. In reporting periods 2011–2012, 2012–2013 and 2013–2014, there was complete compliance regarding the internal audit.

##### 4.3.4.2. Management reviews carried out

21. All 36 DOEs that were accredited as at 30 June 2016 carried out at least one management review. Of the 36 DOEs, four DOEs did not carry out the management review during the reporting period.

#### 4.3.5. Complaints, disputes and appeals on CDM-related activities

22. Section 14 of the CDM accreditation standard relates to the handling of complaints, disputes and appeals received by the DOE.
23. The DOEs reported on the complaints, disputes and appeals that had been received during the reporting period as follows:
- (a) Number of DOEs reporting receiving complaints, disputes or appeals: (12, 13, 6, 4) **1**;
  - (b) Number of complaints, disputes or appeals received by DOEs from project participants: (4, 9, 12, 3) **1**;
  - (c) Total number of complaints, disputes and appeals received: (2011–2012: 45 complaints, 4 disputes, 3 appeals; 2012–2013: 54 complaints, 4 disputes and 4 appeals; 2013–2014: 16 complaints, 1 appeal; 2014–2015: 4 complaints) **1 (1 dispute)**;
  - (d) Highest number of complaints, disputes and appeals received by one DOE: (2011–2012: 13 (12 complaints, 1 dispute); 2012–2013: 11 (7 complaints, 4 disputes); 2013–2014: 7 (7 complaints); 2014–2015: 1 (1 complaint)) **1 (1 complaint)**.

#### 4.3.6. CDM-related training undertaken

24. Thirty-two of thirty-six DOEs reported conducting CDM-related training:<sup>6</sup>
- (a) Average number of training sessions per DOE: (9, 8, 9, 4) **6**;
  - (b) Average duration of training session: (11, 10, 9, 7) **7** hours;
  - (c) Average number of participants per session: (10, 12, 13, 10) **11**;
  - (d) Highest number of training sessions for a DOE: (38, 34, 55, 25) **32**.
25. Of the 177 CDM-related training sessions, 140 were internal and 33 were conducted by external providers. A further four training sessions were provided in combination with external providers.
- (a) The equivalent figures for the 2011–2012 reporting period were: 381 CDM-related training sessions, for which 293 were internal and 78 were conducted by external providers, representing 20 per cent;
  - (b) The equivalent figures for the 2012–2013 reporting period were: 343 CDM-related training sessions, for which 260 were internal and 83 were conducted by external providers, representing 24 per cent;
  - (c) The equivalent figures for the 2013–2014 reporting period were: 374 CDM-related training sessions, for which 297 were internal and 77 were conducted by external providers, representing 21 per cent;
  - (d) The equivalent figures for the 2014–2015 reporting period were: 133 CDM-related training sessions, for which 102 were internal and 17 were conducted by external

<sup>6</sup> The level of detail as reported varied across the DOEs for this section.

providers. A further 14 training sessions were provided in combination with external providers.

26. There were (40, 40, 40, 10) **24** training providers, from national and international institutes and associations, standards associations and government departments, which can be categorized as follows:
- (a) Asian Development Bank;
  - (b) Clean Production Centre of Ministry of Environmental Protection (China);
  - (c) Electricity Council (China);
  - (d) Gold Standard;
  - (e) Individual consultants;
  - (f) International Carbon Action Partnership/Carbon Market Watch;
  - (g) Khadi and Village Industries Commission, Ministry of Micro Small and Medium Enterprises (India);
  - (h) National Institute of Environmental Human Resources Development (South Korea);
  - (i) National or local Development and Reform Commission (China);
  - (j) Other DOEs;
  - (k) The Energy and Research Institute (India);
  - (l) Turkish Ministry of Environment and Urbanization;
  - (m) UNFCCC secretariat;
  - (n) World Bank.

#### **4.4. Activities relating to the consideration of project activities**

##### **4.4.1. Status of project activities**

27. Information regarding project activities was taken from the CDM Information System and from information provided by the DOEs.
28. The DOEs submitted information on all the CDM projects that they had worked on during the reporting period, as presented in the summary and table 3 below:
- (a) Ten DOEs were responsible for 73 per cent of the validation of projects initiated during the period:
    - (i) 2014–2015: 10 DOEs were responsible for 75 per cent;
    - (ii) 2013–2014: 10 DOEs were responsible for 80 per cent;
    - (iii) 2012–2013: 10 DOEs were responsible for 70 per cent;
    - (iv) 2011–2012: 10 DOEs were responsible for 70 per cent.

- (b) Ten DOEs were responsible for 80 per cent of the verification of projects initiated during the period:
- (i) 2014–2015: 10 DOEs were responsible for 72 per cent
  - (ii) 2013–2014: 10 DOEs were responsible for 76 per cent;
  - (iii) 2012–2013, 10 DOEs were responsible for 83 per cent;
  - (iv) 2011–2012, 10 DOEs were responsible for 83 per cent.

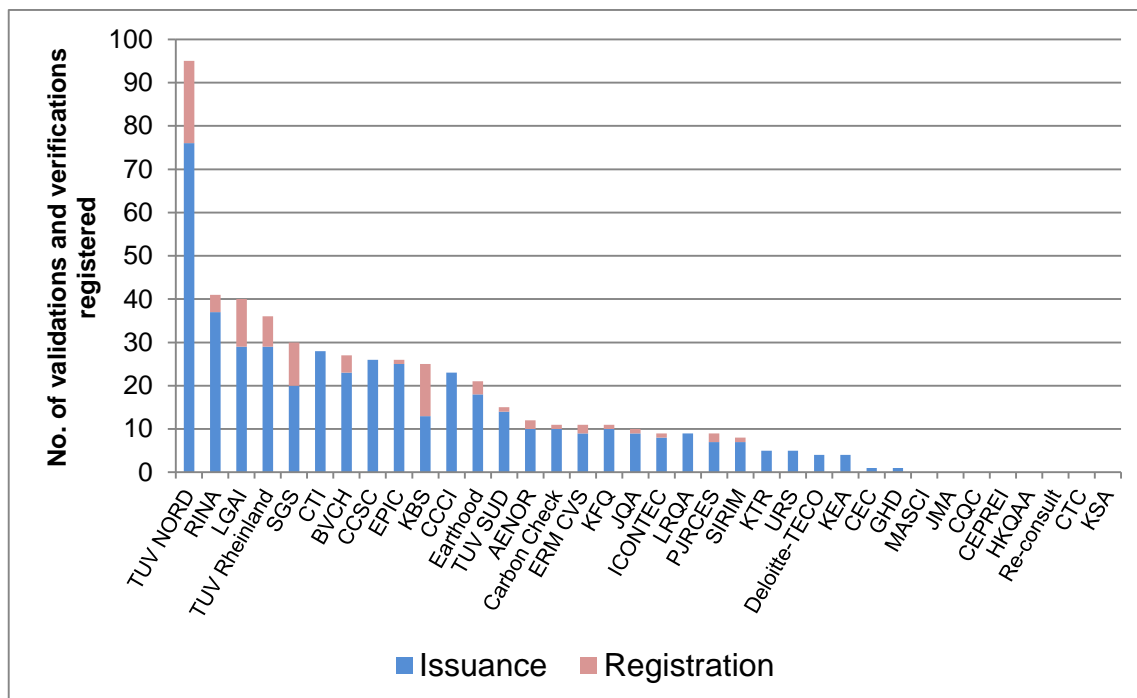
**Table 3. Status of project activities**

<b>Validation status</b>	<b>No. of validation activities</b>	<b>No. of verification activities</b>
Initiated during this reporting period <sup>7</sup>	(2 721, 793, 336, 2013) <b>193</b>	(1 735, 1 668, 568, 403) <b>487</b>
Contract terminated during this reporting period	(244, 309, 193, 157) <b>155</b>	(29, 36, 79, 74) <b>157</b>
Registered (validation)/certified emission reductions issued (verification) during this reporting period	(1 081, 2 593, 297, 115) <b>83</b>	(1 370, 2 236, 559, 528) <b>460</b>
Rejected during this reporting period	(23, 28, 9, 3) <b>1</b>	(13, 5, 3, 1) <b>1</b>
Validation/verification ongoing as of final date of the reporting period (not yet submitted for registration/request for issuance)	(3564, 1 386, 726, 518) <b>507</b>	(1 364, 747, 418, 318) <b>376</b>
Validation/verification ongoing as of final date of the reporting period (already submitted for registration/request for issuance)	(510, 901, 256, 56) <b>17</b>	(413, 840, 296, 106) <b>50</b>

29. Figure 4 below indicates the distribution of registered validations and verifications among the DOEs. The figure indicates that a relatively small number of DOEs play a critical role in servicing the majority of the international needs for CDM validation and verification services.

<sup>7</sup> For the purpose of this report, “initiated during this reporting period” is considered to be validation or verification/certification work that began during this period.

**Figure 4. Distribution of validations and verifications among the DOEs**



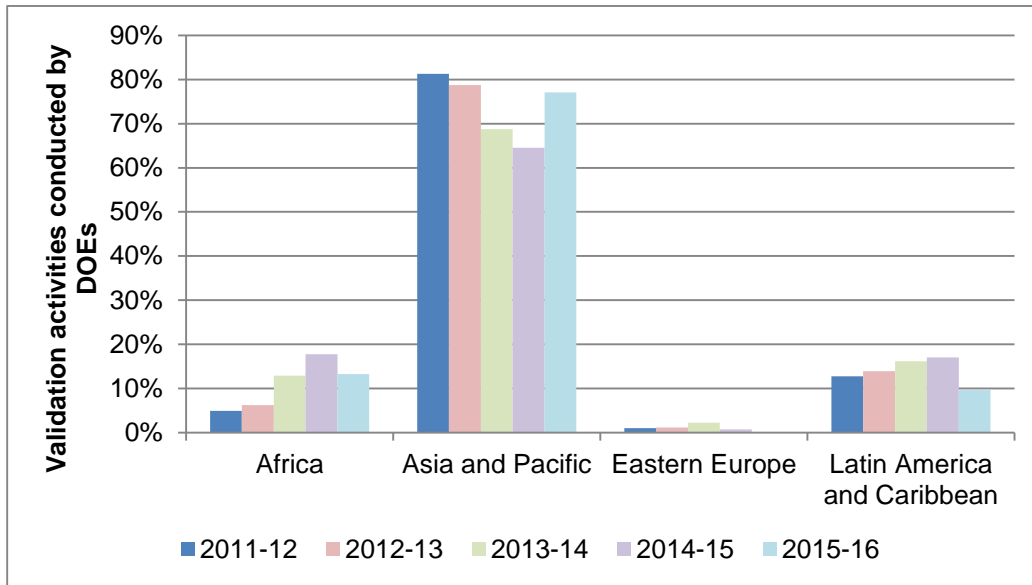
#### 4.4.2. Regional distribution of project activities

30. Table 4 below provides an overview of project activities and programmes of activities (PoAs) registered during the period (by region). In this period, project activities and PoAs are reported on separately for the first time and therefore no historical data are provided (previously, DOEs reported the sum of their activities without distinction between project activities and PoAs). The data relating to regional distribution are shown in table 4, figure 5 and figure 6 below.

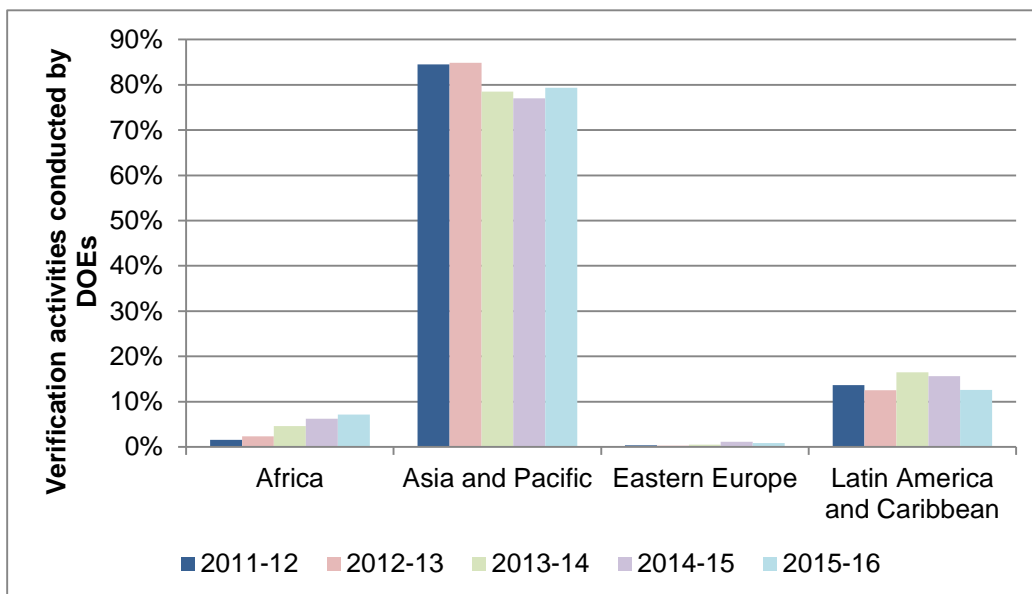
**Table 4. Validations per region**

Region	Validation			Verification		
	No. of DOEs	PA	PoA	No. of DOEs	PA	PoA
Africa	(19, 19, 15, 10) 9	(8) 6	(17) 5	(8, 8, 12, 11, 9) 9	(25) 21	(7) 12
Asia and the Pacific	(33, 35, 35, 20) 13	(84) 60	(7) 4	(31, 32, 34, 34) 27	(411) 357	(8) 8
Eastern Europe	(10, 10, 12, 1) 0	(1) 0	(0) 0	(4, 4, 3, 2) 2	(6) 4	(0) 0
Latin America and the Caribbean	(16, 18, 21, 12) 6	(22) 8	(2) 0	(14, 17, 15, 14) 10	(84) 56	(1) 2

**Figure 5. Validation project activities worked on during the reporting period (%)**



**Figure 6. Verification project activities worked on during the reporting period (%)**



#### 4.4.3. Sectoral scope distribution of project activities

31. The distribution of work per sectoral scope was taken from the CDM Information System, as shown in table 5 below.



**Table 5. Number of validation and verification project activities per sectoral scope**

Sectoral scope	No. of validation activities	No. of active DOEs (validation)	No. of verification activities	No. of active DOEs (verification)
1	(3 797, 3 695, 955, 105) <b>58</b>	(36, 37, 36, 24) <b>16</b>	(1884, 2650, 918, 405) <b>347</b>	(33, 34, 37, 25) <b>28</b>
2	(10, 68, 6, 1) <b>1</b>	(4, 5, 5, 1) <b>1</b>	(7, 14, 2, 0) <b>0</b>	(1, 3, 2, 0) <b>0</b>
3	(160, 199, 71, 20) <b>9</b>	(16, 17, 15, 7) <b>4</b>	(20, 23, 37, 22) <b>27</b>	(7, 9, 10, 9) <b>7</b>
4	(403, 248, 118, 12) <b>2</b>	(24, 22, 16, 8) <b>1</b>	(162, 160, 58, 18) <b>13</b>	(18, 18, 17, 11) <b>8</b>
5	(39, 46, 12, 1) <b>1</b>	(8, 11, 4, 1) <b>1</b>	(154, 140, 35, 16) <b>0</b>	(7, 9, 16, 5) <b>0</b>
6	(0, 0, 1, 0) <b>0</b>	(0, 0, 1, 0) <b>0</b>	(0) <b>0</b>	(0) <b>0</b>
7	(38, 21, 8, 2) <b>0</b>	(10, 8, 6, 2) <b>0</b>	(8, 13, 3, 4) <b>3</b>	(4, 5, 3, 4) <b>3</b>
8	(45, 63, 14, 0) <b>0</b>	(10, 11, 5, 0) <b>0</b>	(44, 60, 28, 15) <b>10</b>	(6, 8, 8, 3) <b>4</b>
9	(3, 5, 1, 0) <b>0</b>	(3, 3, 1, 0) <b>0</b>	(3, 6, 0, 2) <b>0</b>	(3, 4, 0, 2) <b>0</b>
10	(48, 45, 17, 1) <b>3</b>	(9, 13, 7, 1) <b>2</b>	(44, 32, 43, 28) <b>16</b>	(9, 8, 8, 6) <b>8</b>
11	(1, 2, 1, 0) <b>0</b>	(1, 2, 1, 0) <b>0</b>	(129, 132, 28, 5) <b>1</b>	(5, 5, 4, 2) <b>1</b>
12	(0) <b>0</b>	(0) <b>0</b>	(2, 0, 1, 0) <b>0</b>	(1, 0, 1, 0) <b>0</b>
13	(438, 481, 128, 9) <b>6</b>	(29, 28, 23, 6) <b>5</b>	(319, 362, 178, 88) <b>66</b>	(24, 27, 25, 21) <b>18</b>
14	(30, 24, 5, 0) <b>10</b>	(11, 10, 3, 3) <b>1</b>	(17, 16, 6, 1) <b>2</b>	(4, 6, 2, 1) <b>1</b>
15	(86, 67, 24, 0) <b>0</b>	(7, 9, 7, 0) <b>0</b>	(15, 68, 21, 18) <b>16</b>	(3, 9, 7, 7) <b>5</b>
16	(0) <b>0</b>	(0) <b>0</b>	(0) <b>0</b>	(0) <b>0</b>

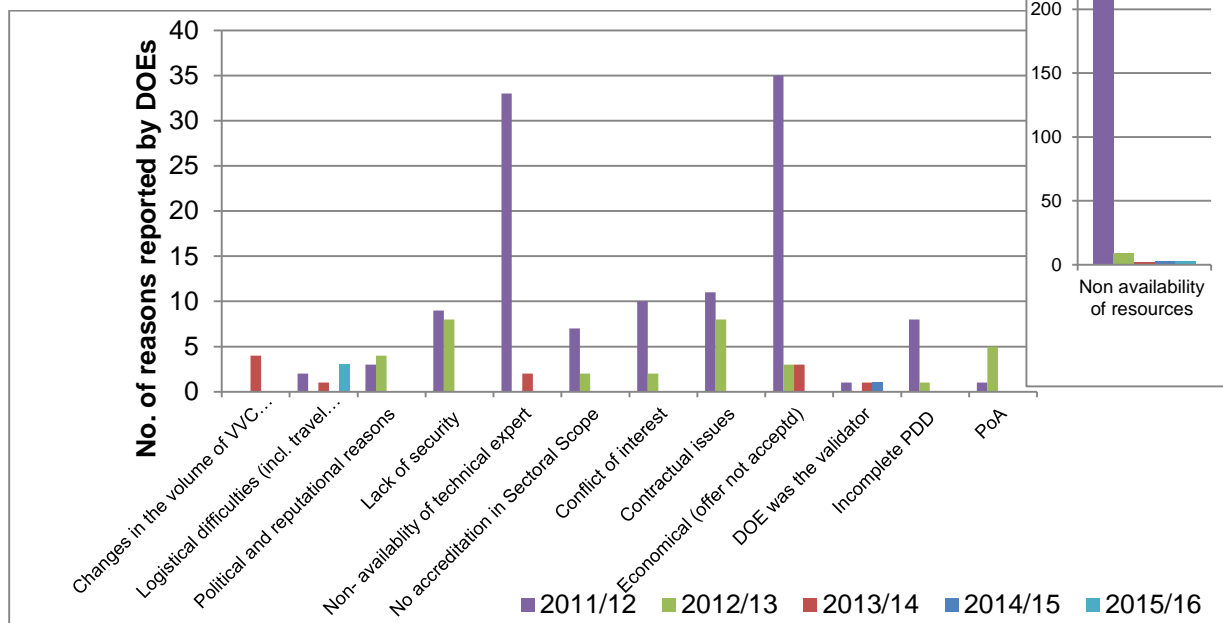
**4.4.4. List of project activities declined, if any, including the reasons for doing so**

32. A DOE may decline validation and verification work for a number of reasons. The DOEs submitted information on the number of assignments for which they declined to perform validation or verification/certification in the reporting period:

- (a) Number of DOEs reporting that they had declined projects: (15, 13, 10, 4) **3**;
- (b) Total number of assignments reported as declined for all DOEs: (386, 42, >19, >4) **>5** (One DOE that is shutting down its business was not specific about the number of projects declined);
- (c) Number of different countries in which assignments were declined: (53, 21, 13 >4) **>4**;
- (d) Top country in terms of the number of assignments declined by entities: Nepal (2). This is followed Colombia (1), Peru (1) and Republic of South Africa (1).
  - (i) 2014–2015, India (>1), Brazil (2);
  - (ii) 2013–2014, China (6), Cambodia (2);
  - (iii) 2012–2013, India (5), Brazil (5), Iran (4) and China (3);
  - (iv) 2011–2012, China (155), India (79), Brazil (30) and South Africa (10).

33. The reasons for declining the projects or PoA were categorized into two main reasons, i.e. non availability of resources (3), and logistical difficulties (3). figure 7 shows the comparison of the reasons for declining a projects or PoAs in the reporting periods.

**Figure 7. Comparison of reasons for declining projects**



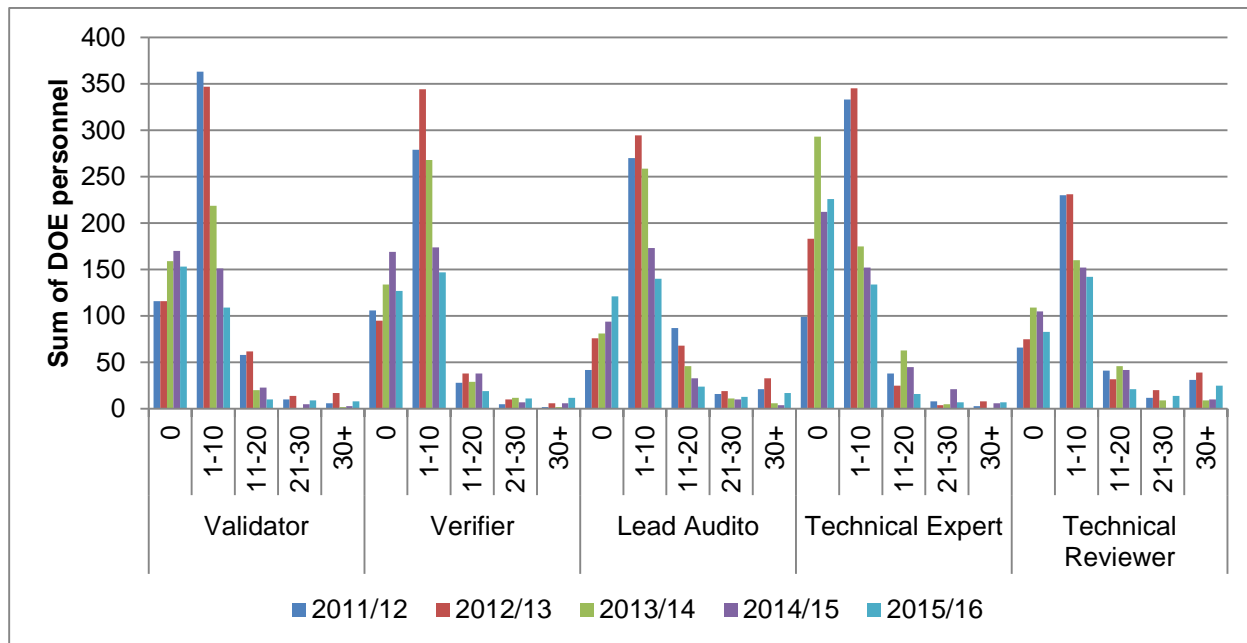
**4.4.5. Project activities and PoAs registered or issued in countries with fewer than 10 registered project activities and PoAs**

34. Nine of the DOEs (9) registered or successfully verified project activities or PoAs in countries with fewer than 10 registered projects/programmes (as of 30 June 2016) (25, 24, 20, 14).

**4.4.6. Number of project activities under validation or verification/certification per qualified auditor**

35. Figure 8 below shows how many cases individuals worked on during the reporting period. The data were reported by DOEs per validator, verifier, lead auditor, technical expert and technical reviewer.

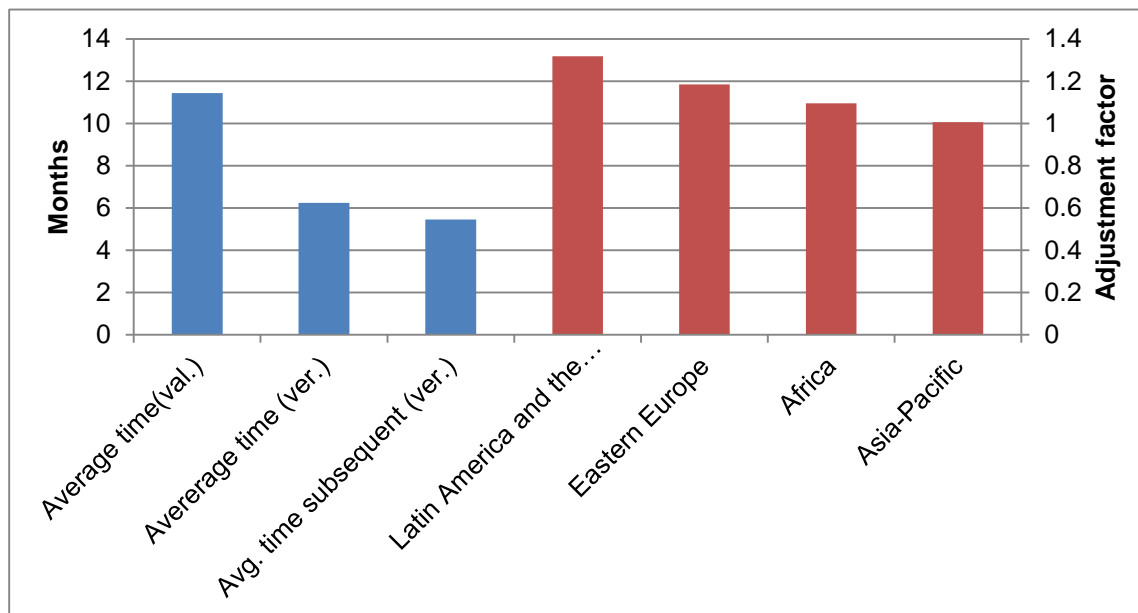
**Figure 8. Comparison of workload per auditor type**



**4.4.7. Time frames for conducting validation and verification/certification**

36. All DOEs submitted information regarding their average time frames for conducting validations, verifications and subsequent verifications. Figure 9 shows the average time frames reported by the DOEs. The time frame is considered as the time from signing the contract until the validation or verification is submitted to the Board. In addition, the DOEs provided time adjustment factors indicating the impact on time frames from working in different regions. Time adjustment of more than 1 indicates that working in that region took longer than the average. A time adjustment factor of less than 1 indicates that it took less time than the average. Similar information is also presented in tabular format in table 6 and table 7 below.

**Figure 9. Average time frames for validation, verification and subsequent verification**



**Table 6. Minimum and maximum (average) time frames for a validation per region (months)**

Region	Shortest reported time frame (months)	Longest reported time frame (months)
Africa	(3.5, 12.2, 7.5, 3.9) <b>2.3</b>	(39.8, 27.4, 19.5, 16.9) <b>34.3</b>
Asia and the Pacific	(1.2, 9.3, 6.2, 3.9) <b>4.6</b>	(56.4, 17.4, 18.5, 18.2) <b>30.9</b>
Eastern Europe	(4.2, 14.9, 11.7, 5.2) <b>11.4</b>	(43.4, 52.8, 25.5, 15.6) <b>22.9</b>
Latin America and the Caribbean	(2.4, 11.3, 7.9, 9.1) <b>8.0</b>	(43.4, 20, 19, 27.3) <b>53.8</b>

**Table 7. Minimum and maximum (average) time frames for an (initial) verification per region (months)**

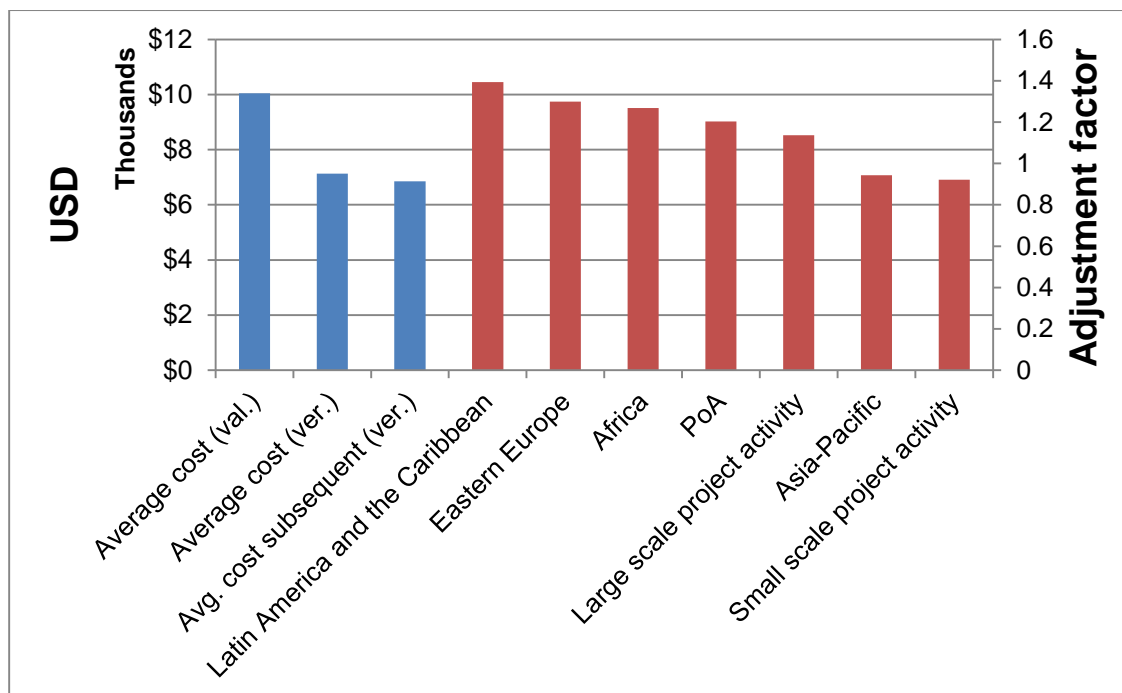
Region	Shortest reported time frame (months)	Longest reported time frame (months)
Africa	(1.9, 10, 4.2, 2.7) <b>1.3</b>	(28.1, 15.9, 10.1, 11.7) <b>18.8</b>
Asia and the Pacific	(0.7, 5.9, 2.7, 2.7) <b>2.5</b>	(39.6, 15.8, 15.1, 12.6) <b>16.9</b>
Eastern Europe	(2.6, 3.6, 6.1, 3.6) <b>6.3</b>	(17, 7.4, 35.6, 10.8) <b>12.5</b>
Latin America and the Caribbean	(0.6, 10, 4.5, 6.3) <b>4.4</b>	(35.1, 16.7, 17.8, 18.9) <b>29.4</b>

**4.4.8. Average fees for the validation and verification/certification of CDM project activities by region**

37. The DOEs submitted information regarding the average fees (in United States dollars) for conducting validations, verifications and subsequent verifications. Figure 10 shows the average fees reported by the DOEs. In addition, the DOEs provided price adjustment factors indicating the impact on fees from working in different regions and with different project types. Price adjustment of more than 1 indicates that working in that region or with

that project type was costlier than average. A price adjustment of less than 1 indicates that it was less costly than the average.

**Figure 10. Average fees per region (in United States dollars) and adjustment factors**



38. The highest and lowest fees per region reported by a DOE for a validation and verification during the reporting period are shown in table 8 and table 9 below.

**Table 8. Minimum and maximum fees for a validation (in United States dollars)**

Region	Minimum reported fee	Maximum reported fee
Africa	(10 800, 7 324, 4 500, 2 000) <b>8 327</b>	(101 300, 110 219, 115 248, 42 000) <b>31 226</b>
Asia and the Pacific	(5 785, 2 936, 1700, 990) <b>4 163</b>	(147 000, 147 000, 116 375, 39 200) <b>14 572</b>
Eastern Europe	(13 000, 13 500, 12 967, 4 875) <b>10 409</b>	(75 459, 90 285, 102 683, 39 200) <b>20 817</b>
Latin America and the Caribbean	(6 800, 5 000, 1 667, 1 320) <b>9 368</b>	(96 700, 119 900, 100 974, 52 500) <b>31 226</b>

**Table 9. Minimum and maximum fees for a verification (in United States dollars)**

Region	Minimum reported fee	Maximum reported fee
Africa	(9 100, 6 000, 4 500, 1 824) <b>5 912</b>	(54 000, 70 000, 70 000, 26 000) <b>22 172</b>
Asia and the Pacific	(3 067, 1 350, 1 300, 810) <b>2 956</b>	(54 067, 73 519, 279 166, 24 000) <b>10 347</b>
Eastern Europe	(14 819, 16 295, 10 400, 5 000) <b>7 391</b>	(45 000, 45 000, 36 160, 18 000) <b>14 781</b>

Region	Minimum reported fee	Maximum reported fee
Latin America and the Caribbean	(4 850, 5 105, 4 000, 1 080) 6 652	(78 057, 62 314, 47 645, 24 000) 22 172

## 4.5. Impartiality

### 4.5.1. Report of the impartiality committee

39. The DOEs submitted their annual reports of activities of the impartiality committee as per paragraph 37(g) of the CDM accreditation standard.

### 4.5.2. Other impartiality issues

40. The DOEs were requested to submit any further relevant comments with regard to impartiality issues experienced during the reporting period. No relevant additional comments were received on impartiality.

## 4.6. Interactions with interested parties<sup>8</sup>

### 4.6.1. Interactions with the Board

41. The DOEs submitted information regarding significant interactions that had taken place with the Board during the reporting period.

42. Twenty-one (23, 21, 24, 17) DOEs reported interactions with the Board, and these were conducted through the following channels:

- (a) Accreditation assessments;
- (b) Board meetings (through the DOE forum);
- (c) DOE teleconferences (after Board meetings);
- (d) Requests related to the project cycle (e.g. registration, issuance, post-registration changes, authorization for verification);
- (e) Participation in the Conference of the Parties (COP) and Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

### 4.6.2. Interactions with other designated operational entities and/or applicant entities

43. The DOEs submitted information regarding interactions that had taken place with other interested parties during the reporting period.

44. Sixteen (24, 28, 23, 15) DOEs reported significant interactions with other DOEs and/or applicant entities, and these were conducted through the following channels:

- (a) DOE/AIE Coordination Forum;
- (b) DOE forum meeting;
- (c) Ad hoc meetings and interactions with other DOEs;

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<sup>8</sup> The level of detail as reported for this section varied across the DOEs.

- (d) Designated Operational Entities and Independent Entities Association, including regular conference calls;
- (e) Greenhouse Gas Assurance Association of Japan;
- (f) Board conference calls;
- (g) Participation in the COP/CMP.

#### **4.6.3. Interactions with other interested parties**

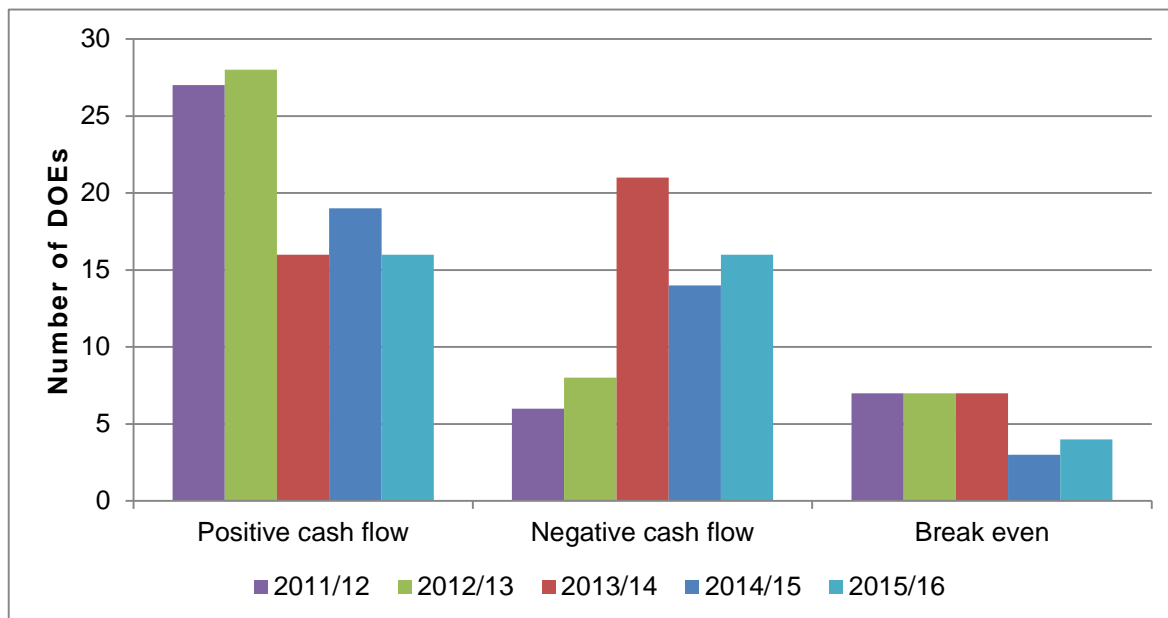
- 45. All the DOEs submitted information regarding significant interactions that had taken place with other interested parties during the reporting period.
- 46. Thirteen (22, 28, 19, 11) DOEs reported interactions with other interested parties during the reporting period, and these were conducted through the following channels:
  - (a) Carbon Expo (various locations);
  - (b) Attendance at CDM stakeholder workshops;
  - (c) Interaction with non-governmental organizations;
  - (d) Seeking Energy Management System accreditation;
  - (e) Thailand Greenhouse Gas Management Organization;
  - (f) Ministry of Natural Resources and Environment (Thailand);
  - (g) Impartiality committees (composed of external experts);
  - (h) Commercial discussions with potential clients and project participants.

#### **4.7. Financial statement**

##### **4.7.1. Annual income and expenditure on CDM-related activities**

- 47. All the DOEs submitted information on annual income and expenditure relating to CDM activities (validation and verification) in United States dollars.
- 48. Figure 11 shows the balance of income and expenditure for the last four reporting periods.

**Figure 11. Income and expenditure trend**



49. During the reporting period:

- (a) Sixteen DOEs reported a higher income than expenditure;
- (b) Sixteen DOEs reported a lower income than expenditure;
- (c) Four DOEs reported equal income and expenditure.

#### 4.8. Challenges and lessons learned

50. Thirty-two DOEs submitted further comments with regard to challenges and lessons learned during the reporting period. The wide range of responses have been grouped into five areas, as presented below:

- (a) Low price of certified emission reductions and the consequent decrease in the volume of validation and verification work. The DOEs reported that this has been a driver for exiting the market. For some DOEs this has led to difficulties in maintaining the accreditation in term of the cost;
- (b) Pressure on the prices for DOE services;
- (c) Lack of opportunities to practice and implement the updated CDM requirements due to the low volume of projects;
- (d) Accreditation assessments under version 6 of the CDM accreditation standard which became fully effective on 1 January 2015 having provided an opportunity to improve DOE's operations;



- (e) Experience with the CDM having provided opportunities to seek and support other business in the greenhouse gas (GHG) sector.

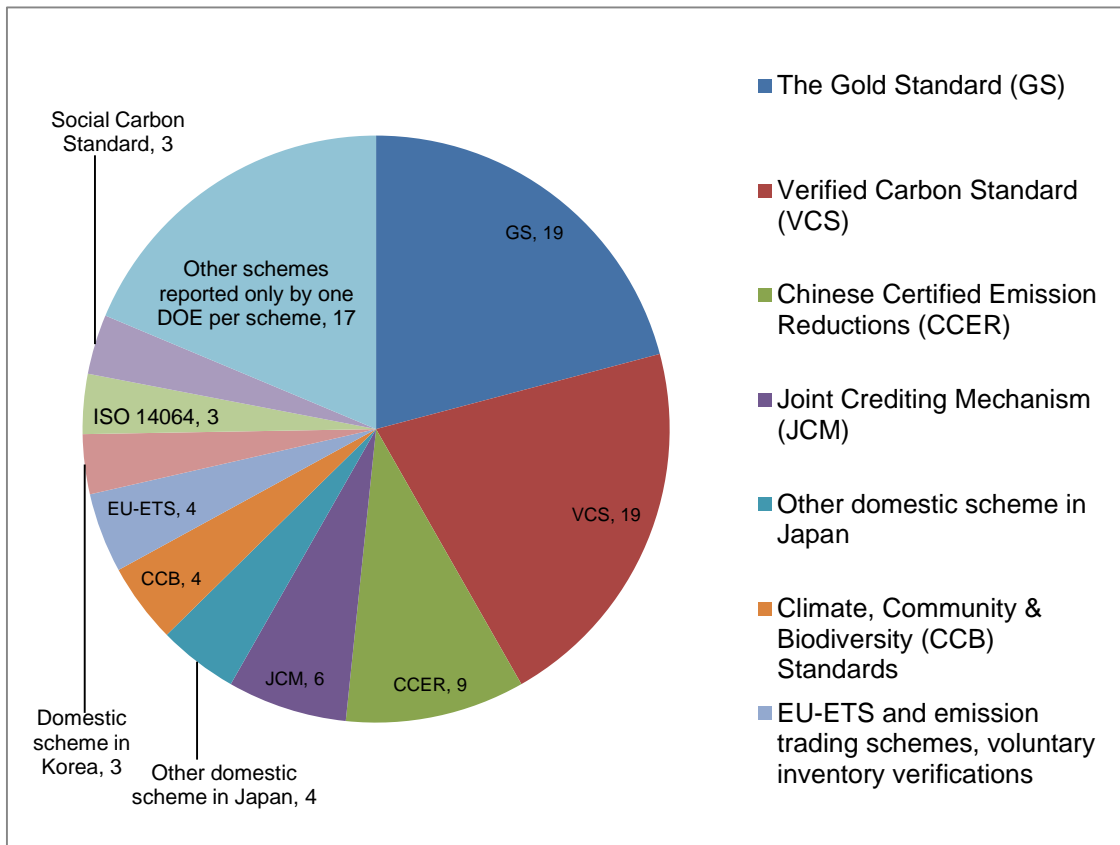
#### **4.9. Other business activities**

51. Thirty-three DOEs reported other business activities that involve validation or verification of greenhouse gas assertions in other schemes other than the CDM.
52. The most frequently listed schemes in addition to CDM are provided in figure 12 below.
53. Most of the DOEs are active in GHG business activities that involve validation or verification of greenhouse gas assertions in other schemes other than the CDM. The majority of the DOEs that reported working on other schemes listed the Gold Standard, Verified Carbon Standard and regional or national initiatives (e.g. China national carbon market and the European Union Emission Trading Scheme (EU-ETS)). Due to similarities between the CDM and some of the schemes listed, synergies have been identified by DOEs, which include but are not limited to using qualified personnel with compatible knowledge and skills working on these schemes, systems, training, internal audits, etc.
54. Several entities recognized that the status of DOE gives confidence to its clients and competitive advantages to enter into other GHG schemes.
55. Several entities identified a number of synergies between some of the GHG schemes and the CDM. Although participants in the EU-ETS can use international credits from the CDM, some DOEs mentioned that certain validation/verification approaches in the EU-ETS market are not fully compatible with the CDM.
56. It has been noted that some of the DOEs indicated that schemes such the Joint Implementation, Gold Standard and Verified Carbon Standard (VCS<sup>9</sup>) allow use of CDM methodologies to a large extent and enable entities accredited under the CDM to provide validation and verification services.

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<sup>9</sup> Validation/Verification Bodies are eligible to provide validation and verification services under the VCS Program if they have signed the required agreement with VCS and are accredited through an approved accreditation body as per the VCS rules.

**Figure 12. Number of DOEs reporting GHG validation and verification services in addition to the CDM**



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### Document information

Version	Date	Description
01.0	27 October 2016	Initial publication

Decision Class: Operational  
 Document Type: Information note  
 Business Function: Accreditation, Governance  
 Keywords: DOE, annual activity report, transparency