

**CDM-2017SYN-INFO01**

## Regular report

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# Synthesis report of the annual activity reports submitted by the designated operational entities 2016–2017

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”<sup>1</sup> and section 18 of the “CDM accreditation procedure” (ver. 13.0), designated operational entities (DOEs) shall submit an annual clean development mechanism (CDM) activity report to the Executive Board of the CDM (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 on 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 (EB 87), 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 of the CDM management plan 2017 (EB 92, annex 1).

### 2. Purpose

5. The purpose of the present report is to inform the stakeholders of the status of 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 2017, in accordance with the requirements in section 18 of the “CDM accreditation procedure” (ver. 13.0), covering the period 1 July 2016 to 30 June 2017.
7. Several observations were drawn from the results presented in the synthesis report:
  - (a) There are 32 DOEs accredited as of 30 June 2017;

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

- (b) During the reporting period, no new DOEs were accredited. However, there were two full withdrawals, three partial withdrawals, two transfers of accreditation, and two DOEs that let their accreditation expire;
  - (c) There are at least 14 DOEs accredited in each sectoral scope (excluding sectoral scope 16 on carbon capture and storage, where there is only one), indicating that there is sufficient coverage of accredited DOEs in each sectoral scope;
  - (d) Geographic coverage is also extensive, with more than one-fifth of the DOEs working in underrepresented countries with fewer than 10 registered CDM projects;
  - (e) More validation and/or verification activities were conducted by the DOEs as compared with the previous reporting period;
  - (f) A significant increase in verification activities for programmes of activities was observed during this reporting period;
  - (g) There were no complaints received against DOEs;
  - (h) More DOEs reported positive cash flow in comparison with the number of DOEs reporting positive cash flow in the previous reporting period;
  - (i) Most of the DOEs are active in other business activities that involve validation or verification of greenhouse gases in schemes other than the CDM, and the DOEs operate in more schemes than they did in the previous reporting period;
  - (j) Validation and verification services remain predominantly in the hands of approximately one-third of all DOEs (86 per cent of total registration/issuance activities are performed by 10 DOEs).
8. This report is a public document and will enable a range of stakeholders to understand, in a transparent way, the status of the operations of DOEs.

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

9. This synthesis report is for informational purposes and no further work is foreseen.

#### **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 on and an analysis of the accreditation status of the 32 designated operational entities (DOEs) as at 30 June 2017, the end of the reporting period. It 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 being conducted by the DOEs. The information is taken from the individual annual activity reports, the CDM Information System and decisions taken by the Executive Board of the CDM (hereinafter referred to as the Board).
2. Several observations were drawn from the results presented in the synthesis report:
  - (a) There are 32 DOEs accredited as of 30 June 2017;
  - (b) During the reporting period, no new DOEs were accredited. However, there were two full withdrawals, three partial withdrawals, two transfers of accreditation, and two DOEs that let their accreditation expire;
  - (c) There are at least 14 DOEs accredited in each sectoral scope (excluding sectoral scope 16 on carbon capture and storage, where there is only one), indicating that there is sufficient coverage of accredited DOEs in each sectoral scope;
  - (d) Geographic coverage is also extensive, with more than one fifth of the DOEs working in underrepresented countries with fewer than 10 registered CDM projects;
  - (e) More validation and/or verification activities were conducted by the DOEs as compared with the previous reporting period;
  - (f) A significant increase in verification activities for programmes of activities (PoAs) was observed during this reporting period;
  - (g) There were no complaints received against DOEs;
  - (h) More DOEs reported positive cash flow in comparison with the number of DOEs reporting positive cash flow in the previous reporting period;
  - (i) Most of the DOEs are active in other business activities that involve validation or verification of greenhouse gases (GHGs) in schemes other than the CDM, and the DOEs operate in more schemes than they did in the previous reporting period;
  - (j) Validation and verification services remain predominantly in the hands of approximately one third of all DOEs (86 per cent of total registration/issuance activities are performed by 10 DOEs).

## **2. Synthesis Report**

### **2.1. 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” (ver. 13.0) (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.
4. The present document is a synthesis report of the annual activity reports submitted by DOEs in 2017.
5. This report is for the period from 1 July 2016 to 30 June 2017. In addition, for comparative purposes, it includes data from the previous four reporting periods, covering the period from 1 July 2012 to 30 June 2016.
6. As in previous iterations, the deadline for submission of the annual activity report was 30 September. Of the 32 DOEs that were accredited as at 30 June 2017, 26 DOEs submitted their annual activity report and supporting documentation (synthesis report of the work of the Impartiality Committee) within the deadline. Three DOEs did not submit the annual activity report and/or the synthesis report of the work of the impartiality committee within the deadline.
7. It is to be noted that two DOEs, E-0010 SGS United Kingdom Limited (SGS) and E-0038 SIRIM QAS INTERNATIONAL SDN.BHD (SIRIM) voluntary withdrew their accreditation during the reporting period, and two DOEs, E-0013 TÜV Rheinland (China) Ltd (TÜV Rheinland) and E-0041 Japan Management Association (JMA) voluntary withdrew their accreditation after the reporting period and before the deadline for the submission of the annual activity report. However, even though these DOEs did not submit an annual activity report, the activities carried out by these DOEs are included in this synthesis report.
8. 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.

### **2.2. Accreditation status**

#### **2.2.1. Scope(s) accredited and date of accreditation**

9. During the reporting period, no new DOEs were accredited. However, there were two full withdrawals, three partial withdrawals, two transfers of accreditation, and two DOEs that let their accreditation expire.

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

10. 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: (9, 9, 10, 9)<sup>3</sup> **9**;
- (b) Number of DOEs accredited in 15 sectoral scopes: (10, 7, 8, 7) **8** (there is only one DOE that is accredited for all 16 scopes);
- (c) Occurrences of suspension during the reporting period: (2, 1, 1, 2) **2**.

**Table 1. Accreditation status of designated operation entities (as at 30 June 2017)**

Ref.	Entity	Country	Sectoral scope <sup>(a)</sup> for validation/verification
E-0001	Japan Quality Assurance Organisation (JQA)	Japan	1, 3–5, 10, 13, 14
E-0006	Deloitte Tohmatsu Sustainability, Co., Ltd. (DTSUS), previously known as Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd. (Deloitte-TECO)	Japan	1–3, 5, 10, 12, 13, 15
E-0009	Bureau Veritas India Pvt. Ltd. (BVI) <sup>(b)</sup>	India	1–15
E-0011	Korea Energy Agency (KEA)	Republic of Korea	1, 3–5, 7, 9, 11–15
E-0013	TÜV Rheinland (China) Ltd (TÜV Rheinland) <sup>(c)</sup>	China	1–15
E-0016	ERM Certification and Verification Services Ltd. (ERM CVS)	United Kingdom	1, 3-5, 8-10, 13
E-0020	GHD Limited (GHD)	Canada	1, 4, 5, 8–10, 12, 13
E-0021	AENOR INTERNACIONAL, S.A.U. (AENOR) <sup>(d)</sup>	Spain	1–15
E-0022	TÜV NORD CERT GmbH (TÜV Nord)	Germany	1–16
E-0023	Lloyd's Register Quality Assurance Ltd. (LRQA)	United Kingdom	1–13
E-0024	Colombian Institute for Technical Standards and Certification (ICONTEC)	Colombia	1–3, 7, 13, 14
E-0025	Korean Foundation for Quality (KFQ)	Republic of Korea	1–5, 9, 11, 13
E-0031	Perry Johnson Registrars Carbon Emissions Services (PJRCS)	United States	1–4, 7, 9, 10, 12, 13, 15
E-0032	LGAI Technological Center, S.A. (Applus)	Spain	1, 13

<sup>3</sup> For comparative purposes, the data from the 2012–2013, 2013–2014, 2014–2015, and 2015–2016 reporting periods are stated, respectively, in italics in parentheses. When parentheses contain less than four figures, the last figure represents data from the 2015–2016 reporting periods with the previous figure being the data from the reporting period prior to 2015–2016, and so on.



Ref.	Entity	Country	Sectoral scope <sup>(a)</sup> for validation/verification
E-0034	China Environmental United Certification Center Co., Ltd. (CEC)	China	1–15
E-0037	RINA Services S.p.A. (RINA)	Italy	1–7, 9–11, 13–15
E-0039	Korean Standards Association (KSA)	Republic of Korea	1–5, 9, 10, 13
E-0041	Japan Management Association (JMA) <sup>(d)</sup>	Japan	1-4, 6, 9, 14
E-0044	China Quality Certification Center (CQC)	China	1–15
E-0046	China Classification Society Certification Company (CCSC)	China	1–10, 13
E-0047	CEPREI certification body (CEPREI)	China	1–5, 8–10, 13, 15
E-0050	Hong Kong Quality Assurance Agency (HKQAA)	China	1
E-0051	KBS Certification Services Pvt. Ltd (KBS)	India	1, 3–5, 7, 9, 10, 12–15
E-0052	Carbon Check (India) Private Ltd. (Carbon Check)	India	1–5, 8–10, 13, 14
E-0054	Re Carbon Gözetim Denetim ve Belgelendirme Limited Sirketi (Re Carbon) <sup>(e)</sup>	Turkey	1–4, 9, 13, 15
E-0056	Korea Testing & Research Institute (KTR)	Republic of Korea	1, 3–5, 11, 13
E-0058	Foundation for Industrial Development - Management System Certification Institute (Thailand) (MASCI)	Thailand	1, 13
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, 13, 15
E-0067	China Certification Center, Inc. (CCCI)	China	1–15

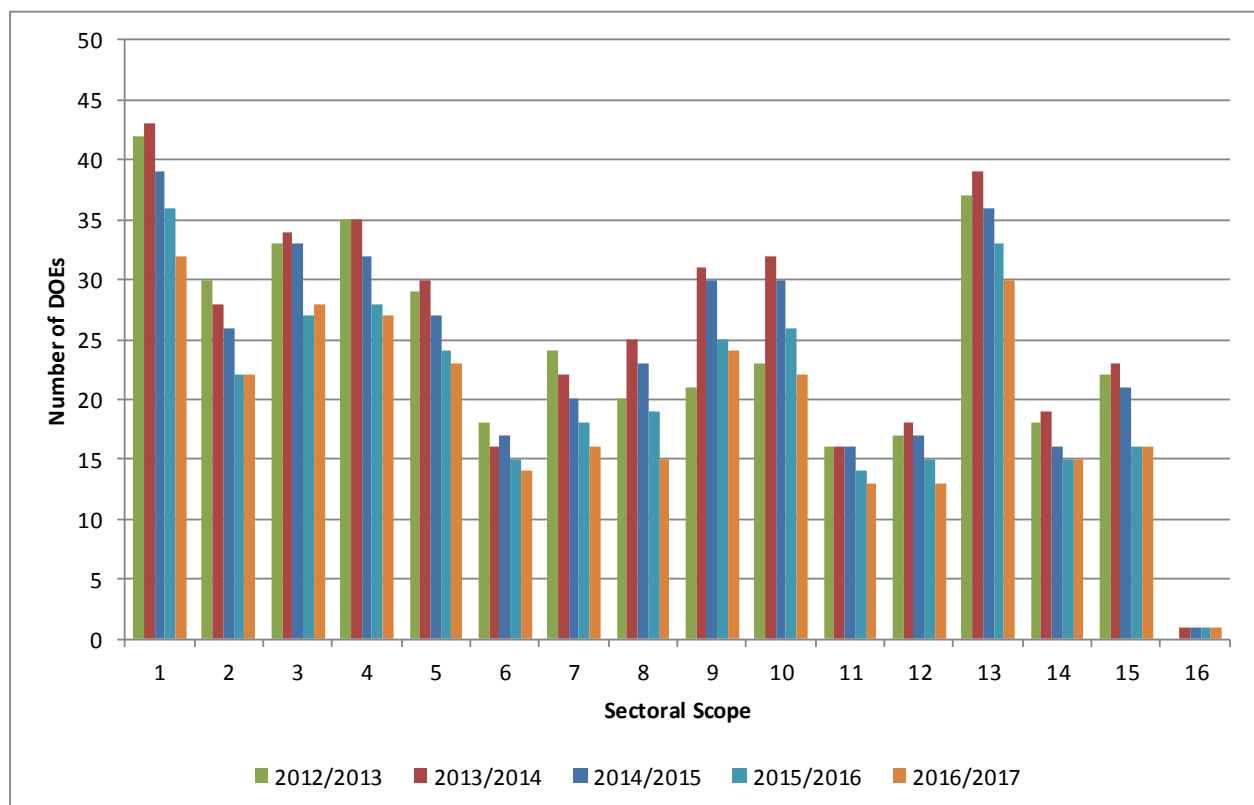
<sup>(a)</sup> The sectoral scopes are defined in the CDM accreditation standard (ver.6.0) as follows: 1: Energy industries (renewable/non-renewable sources); 2: Energy distribution; 3: Energy demand; 4: Manufacturing industries; 5: Chemical industry; 6: Construction; 8: Mining/mineral production; 9: 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.

<sup>(b)</sup> Transfer of accreditation from Bureau Veritas Certification Holding SAS (BVCH) was approved on 22 September 2017.

- (c) The DOE voluntarily withdrew its accreditation after the reporting period. The sectoral scopes shown are the accredited sectoral scopes prior to the withdrawal.
- (d) Transfer of accreditation from the Spanish Association for Standardisation and Certification (AENOR) was approved on 22 December 2016.
- (e) Transfer of accreditation from Re-consult Ltd. (Re-consult) was approved on 22 December 2016.

11. Most DOEs (32) are accredited in sectoral scope 1 and the fewest (1) are accredited in sectoral scope 16. Figure 1 below provides an overview of how many DOEs were accredited per sectoral scope. In general, the number of DOEs accredited for each sectoral scope decreased as compared to the previous reporting period.

**Figure 1. Number of designated operational entities accredited for each sectoral scope**



**2.2.2. Sectoral scopes applied for and status of application**

12. Regarding the changes in sectoral scopes during the reporting period:
- (a) The number of DOEs maintaining the sectoral scopes for which they are accredited: (39, 39, 35, 30) **26**;
  - (b) The number of DOEs reducing the sectoral scopes for which they are accredited (i.e. partial withdrawals): (3, 4, 4, 7) **3**;
  - (c) Number of DOEs increasing the sectoral scopes for which they are accredited (i.e. extension of scope): (2, 1, 0, 0) **3**.

## 2.3. Organization

### 2.3.1. Major changes reported by the designated operational entities

13. In accordance with section 17 of the CDM accreditation procedure, a DOE shall inform the secretariat of any significant planned or unexpected changes.
14. The DOEs reported on major changes that had taken place within the reporting period as follows:
  - (a) Total number of DOEs reporting major changes: (23, 28, 25, 11)<sup>4</sup> **14**;
  - (b) Total number of changes reported in the period: (60, 76, 69, 21) **32**;
  - (c) Average number of reported changes per DOE: (1, 2, 2, 2) **2**;
  - (d) Highest number of reported changes for a DOE: (5, 8, 7, 5) **7**.
15. The changes were reported as per the CDM accreditation procedure, as outlined below in table 2 and figure 2.

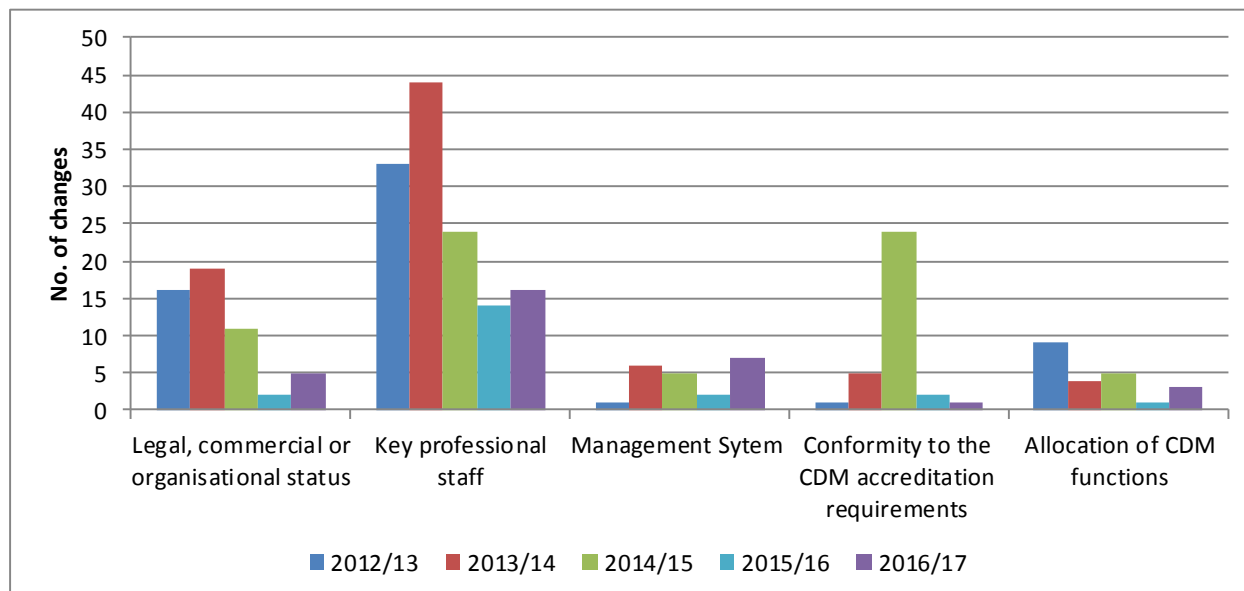
**Table 2. Reported changes in 2016–2017**

Type of change	Description of change	Number of changes
A	Legal, commercial or organizational status, e.g. ownership, partnership	(16, 19, 11, 2) <b>5</b>
B	Key professional staff	(33, 44, 24, 14) <b>16</b>
C	Management system	(1, 6, 5, 2) <b>7</b>
D	Conformity to the CDM accreditation requirements	(1, 5, 24, 2) <b>1</b>
E	Allocation of CDM functions to other offices or outsourced bodies	(9, 4, 5, 1) <b>3</b>

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<sup>4</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

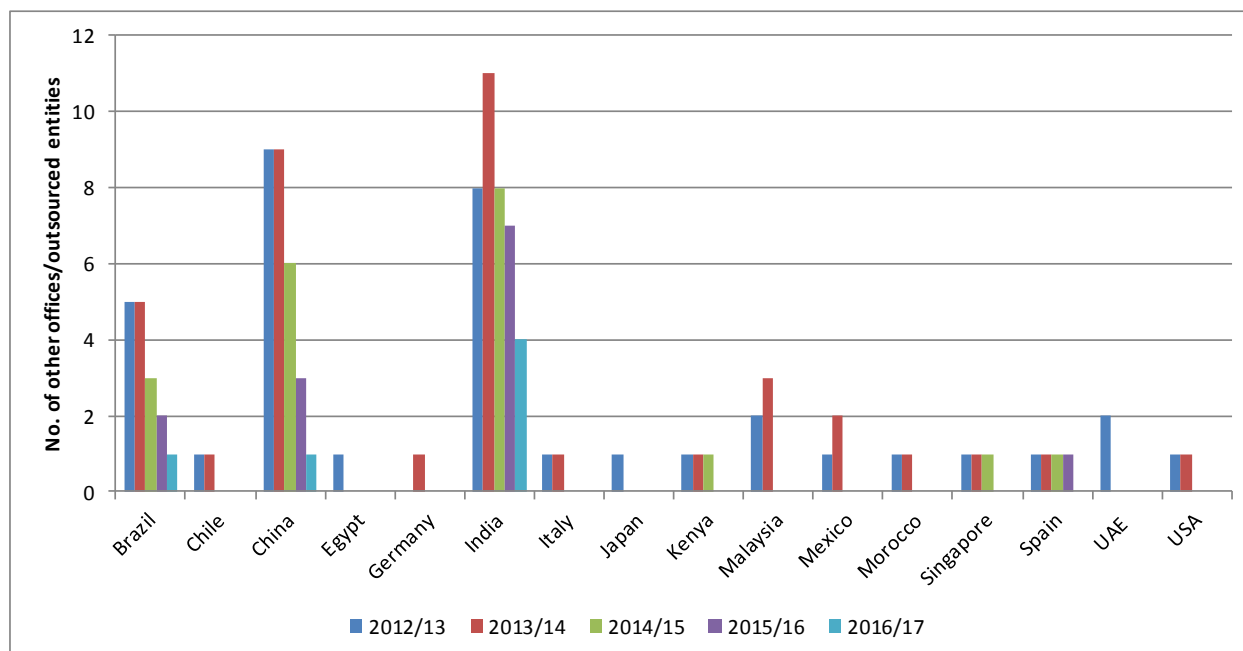
**Figure 2. Changes reported by the designated operational entities**



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

16. In accordance with the CDM accreditation standard, a DOE may outsource some of the validation and verification/certification functions.
17. 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, 12, 8, 6) **3**;
  - (b) Average number of declared outsourced entities: (5, 3, 2, 2) **2**;
  - (c) Highest number of outsourced entities for a DOE: (7, 7, 4, 4) **3**.
18. Figure 3 below shows the countries in which the outsourced entities/other legal entities are located, the most represented countries being India with (8, 11, 8, 7) **4**, China with (9, 9, 6, 3) **1** and Brazil with (5, 5, 3, 2) **1**.

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



### 2.3.3. Use of external individuals

19. In accordance with the CDM accreditation standard, DOEs may make use of external validators, verifiers and technical experts.
20. 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: (29, 37, 34, 35) **29**;
  - (b) Average number of external personnel utilized per DOE: (19, 21, 18, 14) **14**;
  - (c) Highest number of external personnel utilized by a DOE: (74, 75, 62, 47) **45**.

### 2.3.4. Management systems

#### 2.3.4.1. Internal audits carried out

21. All DOEs that submitted the annual activity report carried out at least one internal audit which cover the reporting period. In reporting period 2015 – 2016, 5 out of 36 DOEs that submitted the annual activity report did not carry out internal audits during the reporting period. In reporting periods 2012–2013 and 2013–2014, there was complete compliance regarding the internal audit.

#### 2.3.4.2. Management reviews carried out

22. All DOEs that submitted the annual activity report carried out at least one management review which covers the reporting period.

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

23. Section 14 of the CDM accreditation standard relates to the handling of complaints, disputes and appeals received by the DOEs.
24. 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: (13, 6, 4, 1) **0**;
  - (b) Number of complaints, disputes or appeals received by DOEs from project participants: (9, 12, 3, 1) **0**;
  - (c) Total number of complaints, disputes and appeals received: (2012–2013: 54 complaints, 4 disputes and 4 appeals; 2013–2014: 16 complaints, 1 appeal; 2014–2015: 4 complaints; 2015–2016: 1 dispute) **0**;
  - (d) Highest number of complaints, disputes and appeals received by one DOE: (2012–2013: 11 (7 complaints, 4 disputes); 2013–2014: 7 (7 complaints); 2014–2015: 1 (1 complaint); 2015–2016: 1 (1 dispute)) **0**.

### 2.3.6. CDM-related training undertaken

25. Twenty-six DOEs reported conducting CDM-related training:<sup>5</sup>
- (a) Average number of training sessions per DOE: (8, 9, 4, 6) **6**;
  - (b) Average duration of training session: (10, 9, 7, 7) **6** hours;
  - (c) Average number of participants per session: (12, 13, 10, 11) **10**;
  - (d) Highest number of training sessions for a DOE: (34, 55, 25, 32) **26**.
26. Of the 148 CDM-related training sessions, 113 were internal and 28 were conducted by external providers. A further seven training sessions were provided in collaboration with external providers. The reported CDM-related training sessions by DOEs can be detailed as follows:
- (a) The equivalent figures for the 2015–2016 reporting period were: 177 CDM-related training sessions, for which 140 were internal and 33 were conducted by external providers. A further four training sessions were provided in combination with external providers;
  - (b) 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 providers. A further 14 training sessions were provided in combination with external providers;
  - (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;

<sup>5</sup> The levels of detail as reported varied across the DOEs for this section.

- (d) 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.
27. There were (40, 40, 10, 24) **16** training providers reported, from national and international institutes and associations, standards associations and government departments, which can be categorized as follows:
- (a) Ministry of Environmental Protection (China);
  - (b) Gold Standard<sup>6</sup>;
  - (c) Individual consultants or consulting companies;
  - (d) Thailand Greenhouse Gas Management Organization (TGO);
  - (e) Local Development and Reform Commission (China);
  - (f) Other DOEs;
  - (g) UNFCCC secretariat;
  - (h) Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety Germany.

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

### **2.4.1. Status of project activities**

28. Information regarding project activities was taken from the CDM Information System and from information provided by the DOEs.
29. 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 88 per cent of the validation of projects initiated during the period:
    - (i) 2015–2016: 10 DOEs were responsible for 73 per cent;
    - (ii) 2014–2015: 10 DOEs were responsible for 75 per cent;
    - (iii) 2013–2014: 10 DOEs were responsible for 80 per cent;
    - (iv) 2012–2013: 10 DOEs were responsible for 70 per cent;
  - (b) Ten DOEs were responsible for 84 per cent of the verification of projects initiated during the period:
    - (i) 2015–2016: 10 DOEs were responsible for 80 per cent;
    - (ii) 2014–2015: 10 DOEs were responsible for 72 per cent;

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<sup>6</sup> Training on the application of the methodological tool “Project emissions from flaring” and training on paragraphs 402(d) and 403(d) of the “Validation and verification standard” (ver. 09).

(iii) 2013–2014: 10 DOEs were responsible for 76 per cent;

(iv) 2012–2013, 10 DOEs were responsible for 83 per cent.

**Table 3. Status of project activities**

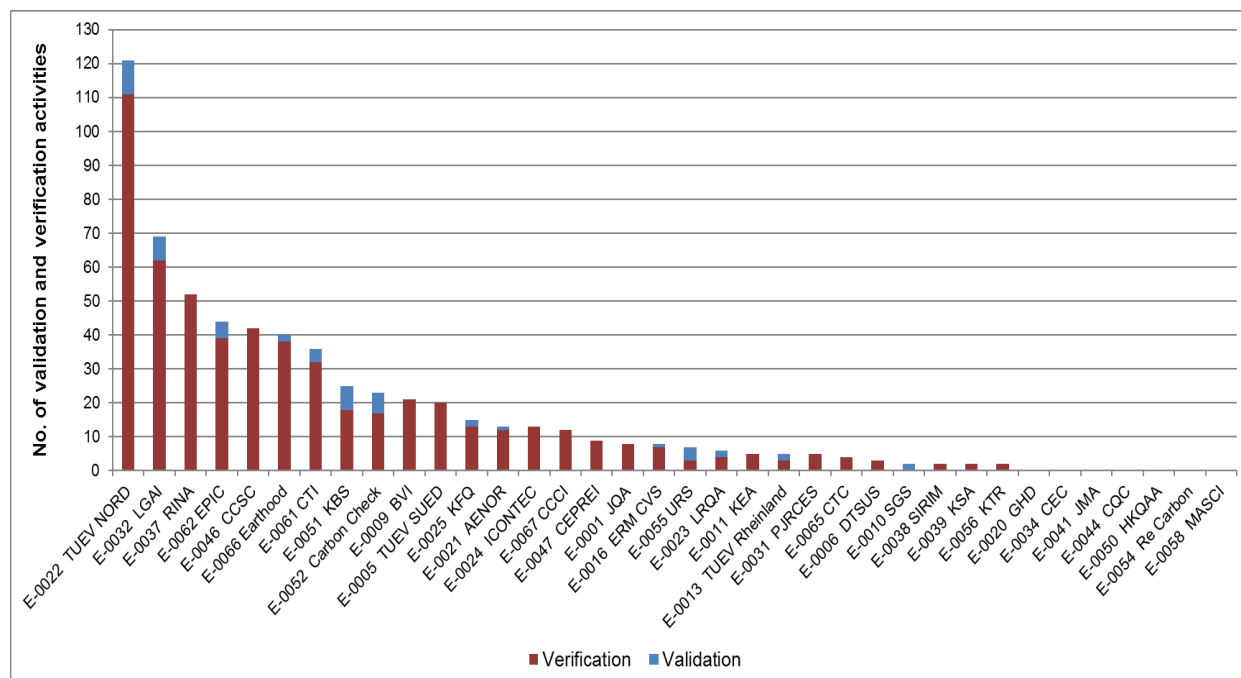
<b>Validation status</b>	<b>No. of validation activities</b>	<b>No. of verification activities</b>
Initiated during this reporting period <sup>(a)</sup>	(793, 336, 2013, 193) <b>335</b>	(1 668, 568, 403, 487) <b>590</b>
Contract terminated during this reporting period	(309, 193, 157, 155) <b>63</b>	(36, 79, 74, 157) <b>118</b>
Registered (validation)/certified emission reductions issued (verification) during this reporting period	(2 593, 297, 115, 83) <b>55</b>	(2 236, 559, 528, 460) <b>559</b>
Rejected during this reporting period	(28, 9, 3, 1) <b>3</b>	(5, 3, 1, 1) <b>1</b>
Validation/verification ongoing as of final date of the reporting period (not yet submitted for registration/request for issuance)	(1 386, 726, 518, 507) <b>346</b>	(747, 418, 318, 376) <b>312</b>
Validation/verification ongoing as of final date of the reporting period (already submitted for registration/request for issuance)	(901, 256, 56, 17) <b>21</b>	(840, 296, 106, 50) <b>86</b>

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

30. Figure 4 below indicates the distribution of registered validations and verifications among the DOEs. The figure indicates that one third of the DOEs play a critical role in fulfilling most of the international needs for CDM validation and verification services.



**Figure 4. Distribution of validations and verifications among the designated operational entities<sup>7</sup>**



**2.4.2. Regional distribution of project activities**

31. Table 4 below provides an overview of project activities and PoAs registered during the period (by region).

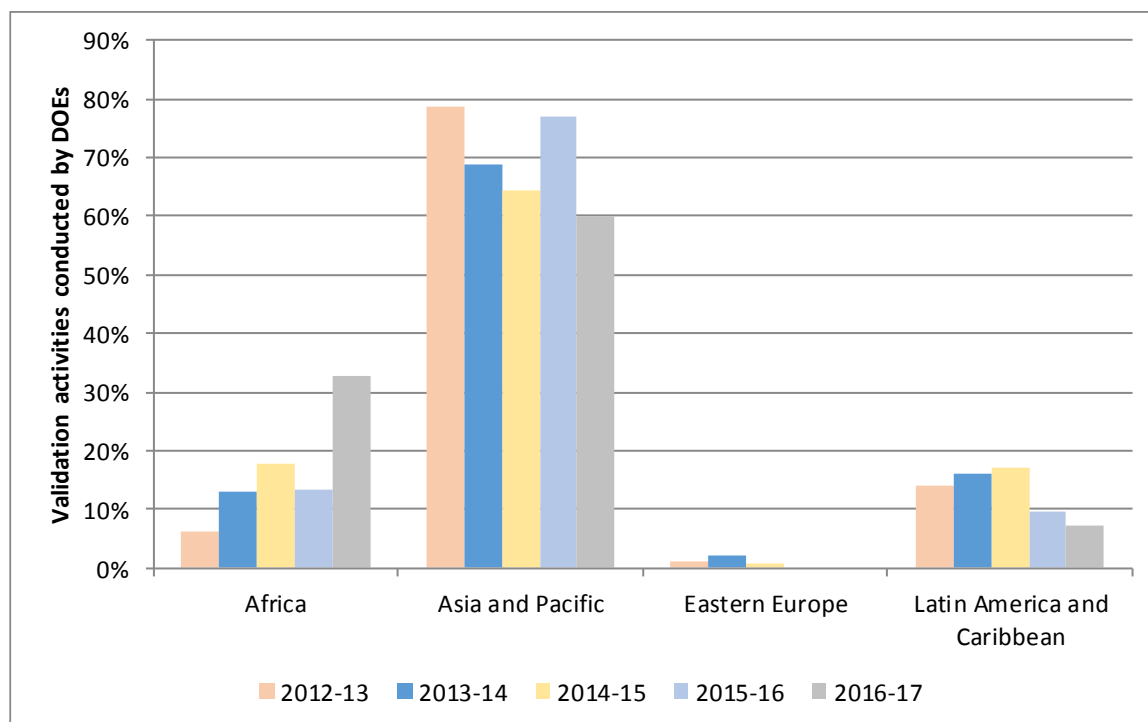
**Table 4. Number of validations and verifications per region**

Region	Validation			Verification		
	No. of DOEs	PA	PoA	No. of DOEs	PA	PoA
Africa	(19, 15, 10, 9) <b>8</b>	(8, 6) <b>11</b>	(17, 5) <b>7</b>	(12, 11, 9, 9) <b>10</b>	(25, 21) <b>24</b>	(7, 12) <b>24</b>
Asia and the Pacific	(35, 35, 20, 13) <b>11</b>	(84, 60) <b>29</b>	(7, 4) <b>4</b>	(32, 34, 34, 27) <b>26</b>	(411, 357) <b>420</b>	(8, 8) <b>12</b>
Eastern Europe	(10, 12, 1, 0) <b>0</b>	(1, 0) <b>0</b>	(0, 0) <b>0</b>	(4, 3, 2, 2) <b>1</b>	(6, 4) <b>3</b>	(0, 0) <b>0</b>
Latin America and the Caribbean	(18, 21, 12, 6) <b>3</b>	(22, 8) <b>2</b>	(2, 0) <b>2</b>	(17, 15, 14, 10) <b>10</b>	(84, 56) <b>72</b>	(1, 2) <b>4</b>

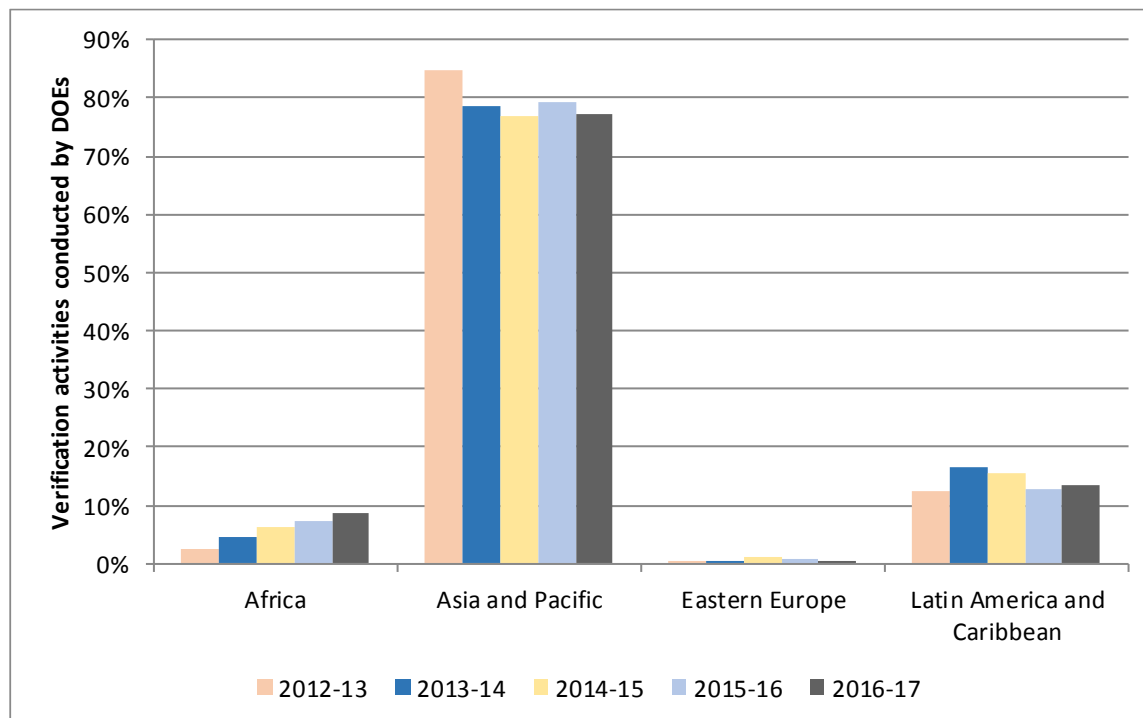
<sup>7</sup> The figure includes DOEs which let their accreditation expire.

31. Figures 5 and 6 below provides an overview of Validation and Verification project activities respectively worked on during the reporting period in percentage by region.

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



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



**2.4.3. Sectoral scope distribution of project activities**

32. 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**

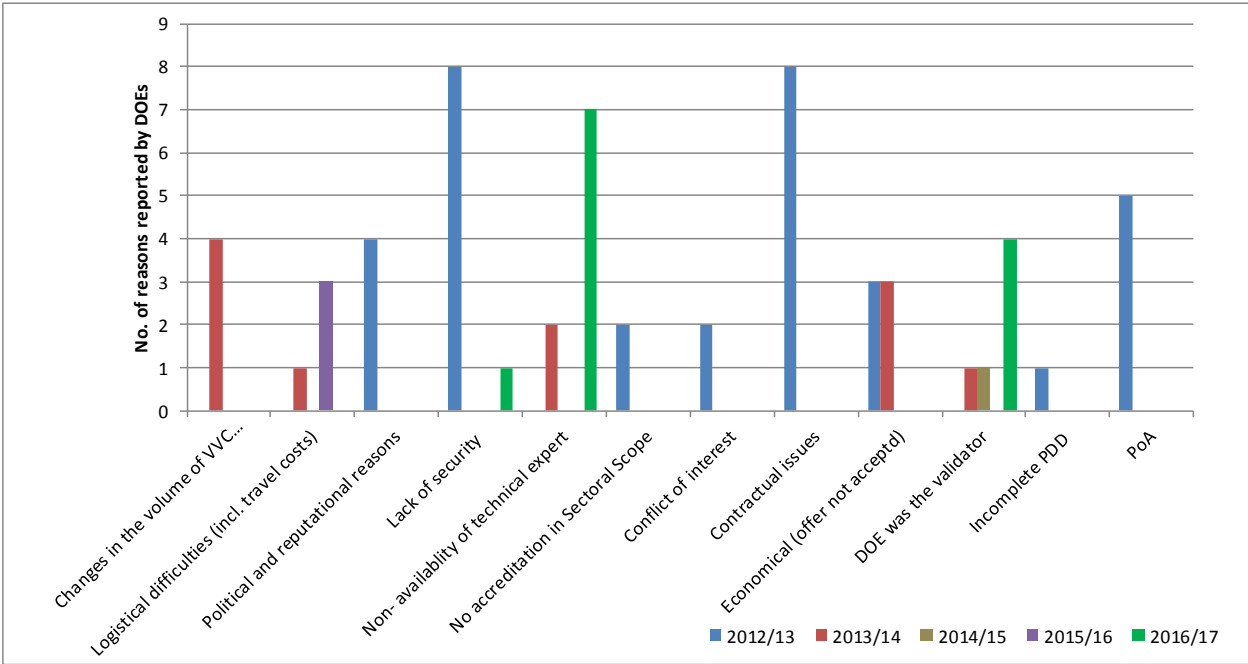
Sectoral scope	No. of validation activities	No. of active DOEs (validation)	No. of verification activities	No. of active DOEs (verification)
1	(3 695, 955, 105, 58) <b>49</b>	(37, 36, 24, 16) <b>14</b>	(2650, 918, 405, 347) <b>463</b>	(34, 37, 25, 28) <b>28</b>
2	(68, 6, 1, 1) <b>0</b>	(5, 5, 1, 1) <b>0</b>	(14, 2, 0, 0) <b>0</b>	(3, 2, 0, 0) <b>0</b>
3	(199, 71, 20, 9) <b>6</b>	(17, 15, 7, 4) <b>6</b>	(23, 37, 22, 27) <b>41</b>	(9, 10, 9, 7) <b>8</b>
4	(248, 118, 12, 2) <b>6</b>	(22, 16, 8, 1) <b>5</b>	(160, 58, 18, 13) <b>28</b>	(18, 17, 11, 8) <b>8</b>
5	(46, 12, 1, 1) <b>1</b>	(11, 4, 1, 1) <b>1</b>	(140, 35, 16, 0) <b>22</b>	(9, 16, 5, 0) <b>6</b>
6	(0, 1, 0, 0) <b>0</b>	(0, 1, 0, 0) <b>0</b>	(0, 0) <b>0</b>	(0, 0) <b>0</b>
7	(21, 8, 2, 0) <b>0</b>	(8, 6, 2, 0) <b>0</b>	(13, 3, 4, 3) <b>2</b>	(5, 3, 4, 3) <b>1</b>
8	(63, 14, 0, 0) <b>0</b>	(11, 5, 0, 0) <b>0</b>	(60, 28, 15, 10) <b>13</b>	(8, 8, 3, 4) <b>3</b>
9	(5, 1, 0, 0) <b>0</b>	(3, 1, 0, 0) <b>0</b>	(6, 0, 2, 0) <b>2</b>	(4, 0, 2, 0) <b>2</b>
10	(45, 17, 1, 3) <b>1</b>	(13, 7, 1, 2) <b>1</b>	(32, 43, 28, 16) <b>15</b>	(8, 8, 6, 8) <b>5</b>
11	(2, 1, 0, 0) <b>0</b>	(2, 1, 0, 0) <b>0</b>	(132, 28, 5, 1) <b>4</b>	(5, 4, 2, 1) <b>2</b>
12	(0, 0) <b>0</b>	(0, 0) <b>0</b>	(0, 1, 0, 0) <b>0</b>	(0, 1, 0, 0) <b>0</b>

Sectoral scope	No. of validation activities	No. of active DOEs (validation)	No. of verification activities	No. of active DOEs (verification)
13	(481, 128, 9, 6) <b>3</b>	(28, 23, 6, 5) <b>2</b>	(362, 178, 88, 66) <b>82</b>	(27, 25, 21, 18) <b>17</b>
14	(24, 5, 0, 10) <b>0</b>	(10, 3, 3, 1) <b>0</b>	(16, 6, 1, 2) <b>0</b>	(6, 2, 1, 1) <b>0</b>
15	(67, 24, 0, 0) <b>0</b>	(9, 7, 0, 0) <b>0</b>	(68, 21, 18, 16) <b>17</b>	(9, 7, 7, 5) <b>6</b>
16	(0, 0) <b>0</b>	(0, 0) <b>0</b>	(0, 0) <b>0</b>	(0, 0) <b>0</b>

#### 2.4.4. List of project activities declined, if any, including the reasons for doing so

33. 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, summarized as follows:
- (a) Number of DOEs reporting that they had declined projects: (13, 10, 4, 3) **6**;
  - (b) Total number of assignments reported as declined for all DOEs: (42, >19, >4, >5) **>13**;
  - (c) Number of different countries in which assignments were declined: (21, 13, >4, >4) **>9**;
  - (d) Top country in terms of the number of assignments declined by entities: India (3) and Guatemala (>3). This is followed by Chile (1), Colombia (1), Malawi (1), Malaysia (1), Myanmar (1), Niger (1), Nigeria (1) and Peru (1). This list can be compared with previous reporting periods as follows:
    - (i) 2015–2016, Nepal (2), Colombia (1), Peru (1), Republic of South Africa (1);
    - (ii) 2014–2015, India (>1) and Brazil (2);
    - (iii) 2013–2014, China (6) and Cambodia (2);
    - (iv) 2012–2013, India (5), Brazil (5), Iran (Islamic Republic of) (4) and China (3);
34. The reasons for declining the projects or PoA were categorized into two main reasons, which are the non-availability of resources (7) and the DOE being the validator for the same project (4). Figure 7 shows the comparison of the reasons for declining a project or PoA in the last five reporting periods.

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



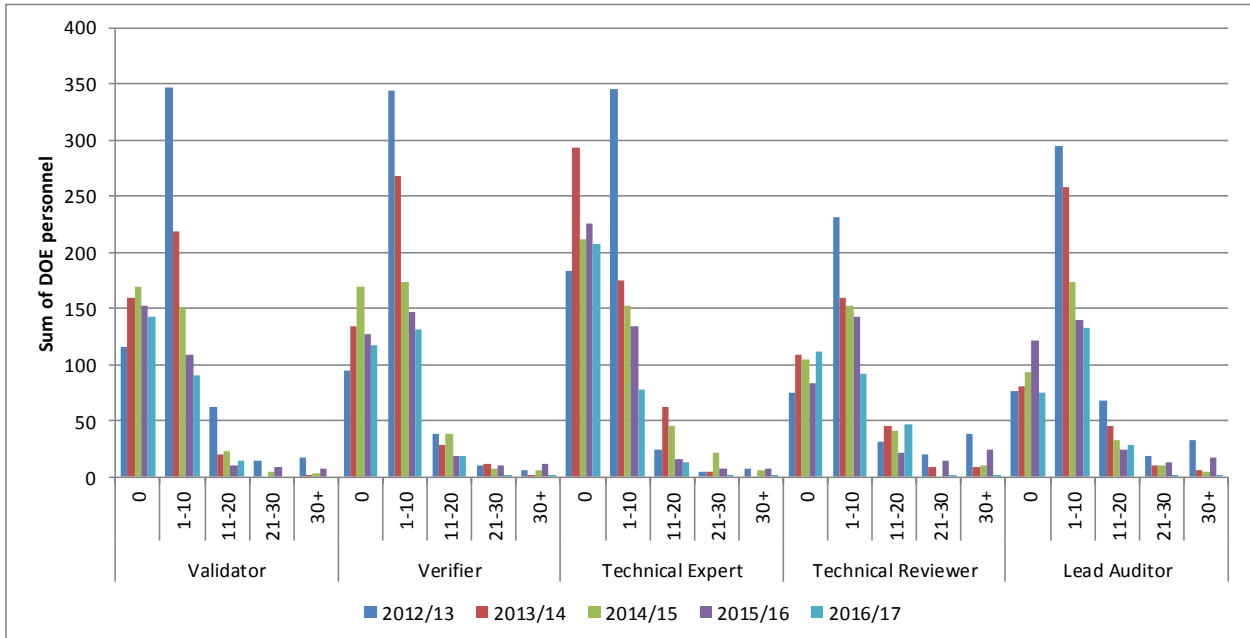
**2.4.5. Project activities and PoAs programmes of activities registered or issued in countries with fewer than 10 registered project activities and programmes of activities**

35. Nine DOEs (9) registered or successfully verified project activities or PoAs in underrepresented countries with fewer than 10 registered projects/PoAs (as of 30 June 2017) (24, 20, 14, 9).

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

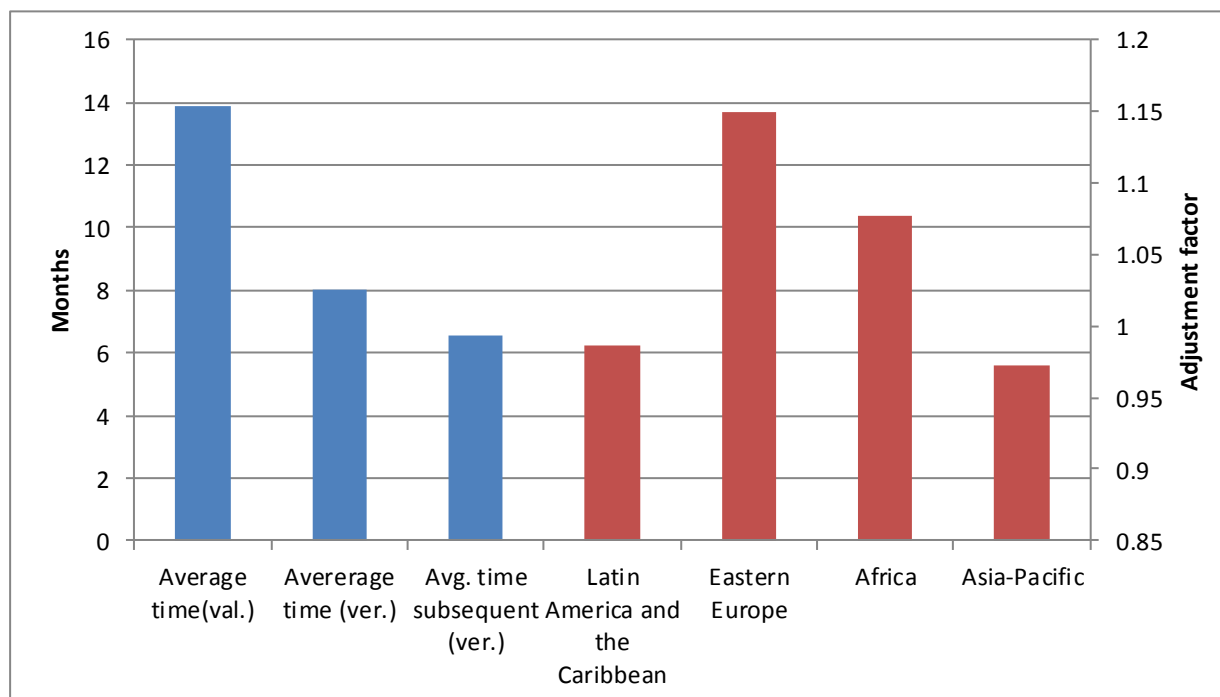
36. Figure 8 below shows how many cases individuals worked on during the reporting period. The data were reported by DOEs per validator, verifier, lead auditor, technical expert and technical reviewer.

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



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

37. 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. A time adjustment factor 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 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	(12.2, 7.5, 3.9, 2.3) <b>2.8</b>	(27.4, 19.5, 16.9, 34.3) <b>20.8</b>
Asia and the Pacific	(9.3, 6.2, 3.9, 4.6) <b>5.5</b>	(17.4, 18.5, 18.2, 30.9) <b>23.6</b>
Eastern Europe	(14.9, 11.7, 5.2, 11.4) <b>13.9</b>	(52.8, 25.5, 15.6, 22.9) <b>20.8</b>
Latin America and the Caribbean	(11.3, 7.9, 9.1, 8.0) <b>4.2</b>	(20, 19, 27.3, 53.8) <b>20.8</b>

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

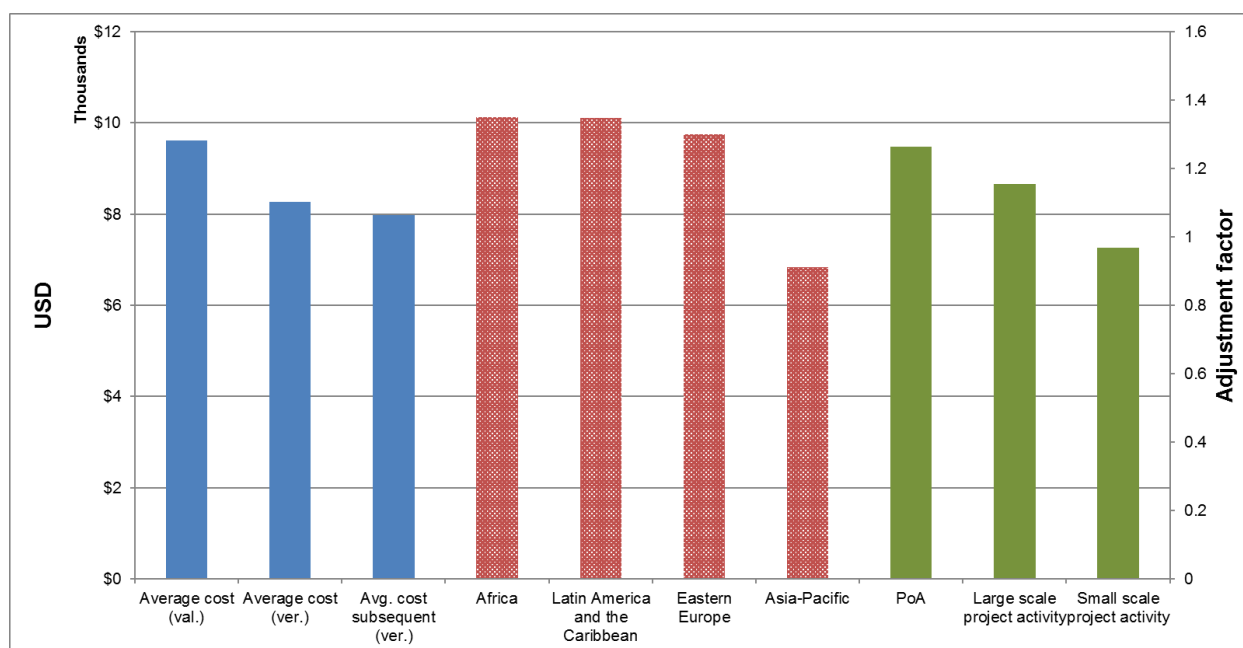
Region	Shortest reported time frame (months)	Longest reported time frame (months)
Africa	(10, 4.2, 2.7, 1.3) <b>1.6</b>	(15.9, 10.1, 11.7, 18.8) <b>12.1</b>
Asia and the Pacific	(5.9, 2.7, 2.7, 2.5) <b>3.2</b>	(15.8, 15.1, 12.6, 16.9) <b>13.7</b>
Eastern Europe	(3.6, 6.1, 3.6, 6.3) <b>8.0</b>	(7.4, 35.6, 10.8, 12.5) <b>12.1</b>
Latin America and the Caribbean	(10, 4.5, 6.3, 4.4) <b>2.4</b>	(16.7, 17.8, 18.9, 29.4) <b>12.1</b>

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

38. 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 factor 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**



39. 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	(7324, 4500, 2000, 8327) <b>8654</b>	(110219, 115248, 42000, 31226) <b>19231</b>
Asia and the Pacific	(2936, 1700, 990, 4163) <b>3846</b>	(147000, 116375, 39200, 14572) <b>11539</b>
Eastern Europe	(13500, 12967, 4875, 10409) <b>9616</b>	(90285, 102683, 39200, 20817) <b>19231</b>
Latin America and the Caribbean	(5 000, 1 667, 1 320, 9368) <b>7692</b>	(119 900, 100 974, 52 500, 31226) <b>23077</b>

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

Region	Minimum reported fee	Maximum reported fee
Africa	(6000, 4500, 1824, 5912) <b>7296</b>	(70000, 70000, 26 000, 22172) <b>16213</b>
Asia and the Pacific	(1350, 1300, 810, 2956) <b>3243</b>	(73 519, 279 166, 24 000, 10347) <b>9728</b>



Region	Minimum reported fee	Maximum reported fee
Eastern Europe	(16295, 10400, 5000, 7391) <b>8107</b>	(45000, 36160, 18000, 14781) <b>16213</b>
Latin America and the Caribbean	(5105, 4000, 1080, 6652) <b>6485</b>	(62314, 47645, 24000, 22172) <b>19456</b>

## 2.5. Impartiality

### 2.5.1. Report of the impartiality committee

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

### 2.5.2. Other impartiality issues

41. 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.

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

### 2.6.1. Interactions with the Board

42. The DOEs submitted information regarding significant interactions that had taken place with the Board during the reporting period.
43. Eighteen (21, 24, 17, 21) DOEs reported interactions with the Board, and these were conducted through the following channels:
- Accreditation assessments;
  - Board meetings (through the DOE Forum);
  - DOE teleconferences (after Board meetings);
  - Requests related to the project cycle (e.g. registration, issuance, post-registration changes, authorization for verification);
  - 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).

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

44. The DOEs submitted information regarding interactions that had taken place with other interested parties during the reporting period.
45. Twelve (28, 23, 15, 16) DOEs reported significant interactions with other DOEs and/or applicant entities, and these were conducted through the following channels:
- DOE Forum meeting;

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

- (b) Ad hoc meetings and interactions with other DOEs;
- (c) The Designated Operational Entities and Independent Entities Association, including regular conference calls;
- (d) The Greenhouse Gas Assurance Association of Japan;
- (e) DOE teleconferences (after Board meetings).

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

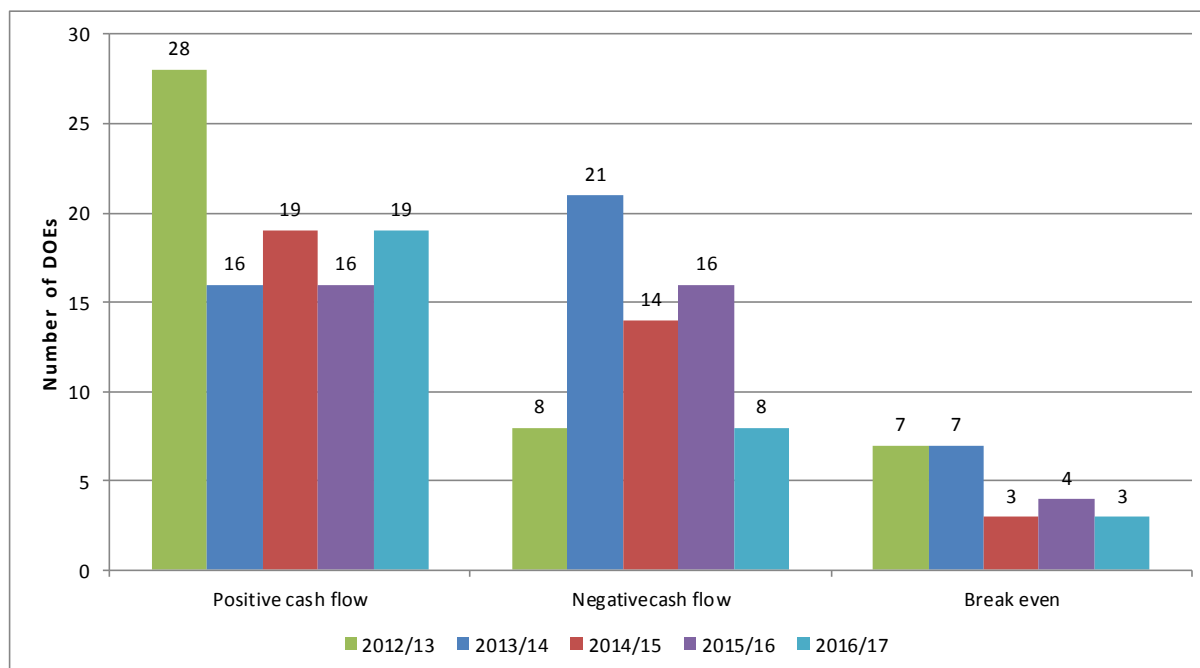
- 46. All the DOEs submitted information regarding significant interactions that had taken place with other interested parties during the reporting period.
- 47. Eleven (28, 19, 11, 13) DOEs reported interactions with other interested parties during the reporting period, and these were conducted through the following channels:
  - (a) Attendance at CDM stakeholder workshops;
  - (b) Interaction with governmental and/or non-governmental organizations;
  - (c) Efforts towards obtaining European Union emissions trading system ETS (EU ETS);
  - (d) Thailand Greenhouse Gas Management Organization;
  - (e) National ministry offices;
  - (f) Impartiality committees (composed of external experts);
  - (g) Commercial discussions with potential clients and project participants.

## **2.7. Financial statement**

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

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

**Figure 11. Income and expenditure trend**



50. During the reporting period:

- (a) Nineteen DOEs reported a higher income than expenditure;
- (b) Eight DOEs reported a lower income than expenditure;
- (c) Three DOEs reported equal income and expenditure.

## 2.8. Challenges and lessons learned

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

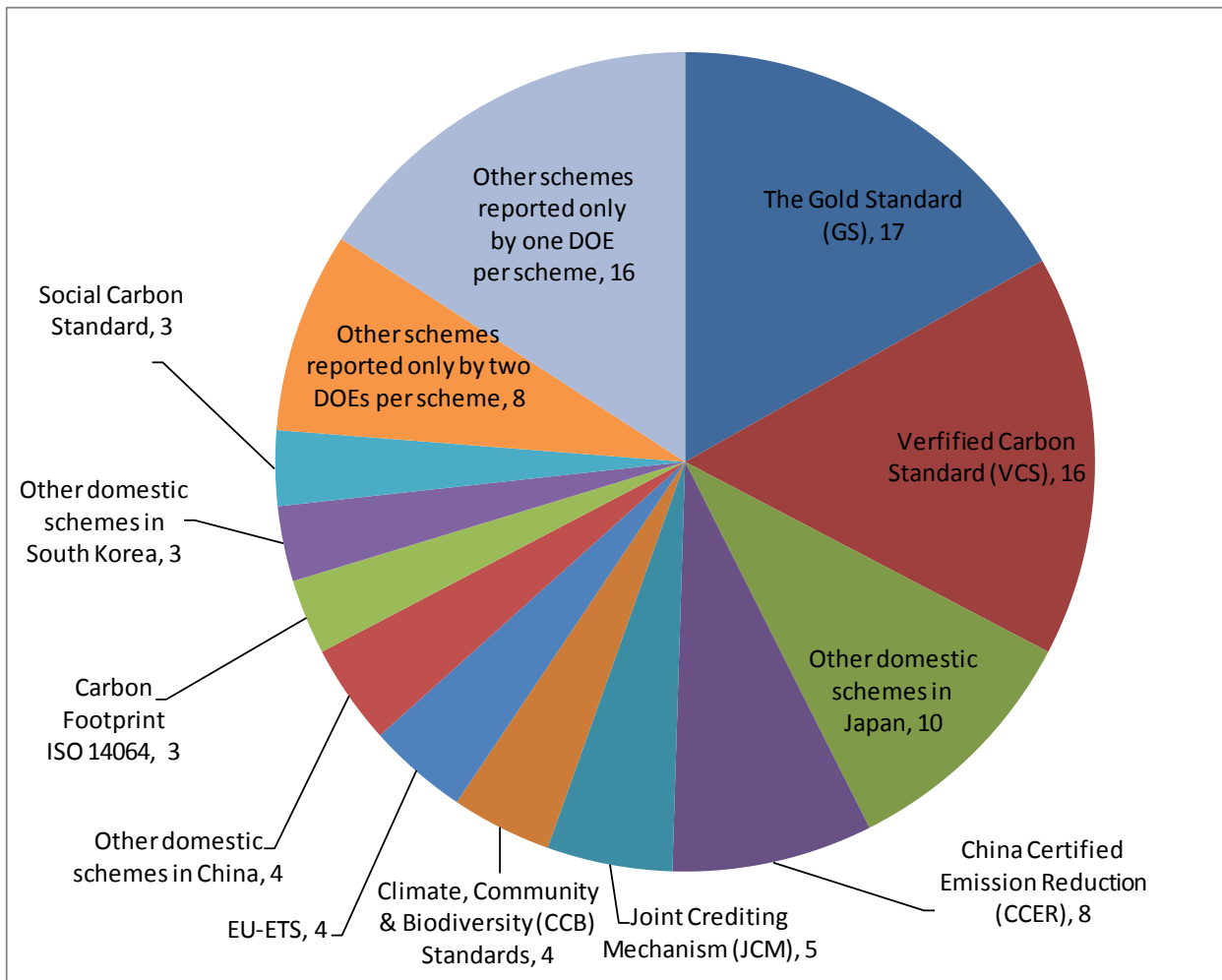
- (a) Low price of certified emission reductions and the decrease in the volume of validation and verification work. For some DOEs this has led to difficulties in maintaining the accreditation in terms of the cost;
- (b) Lack of opportunities to practice and implement the updated CDM requirements due to the low volume of projects;
- (c) Experience with the CDM and current market conditions providing opportunities to seek and support other business in the GHG sector.

## 2.9. Other business activities

52. Twenty-nine DOEs (29) reported other business activities that involve validation or verification of GHG assertions in schemes other than the CDM.

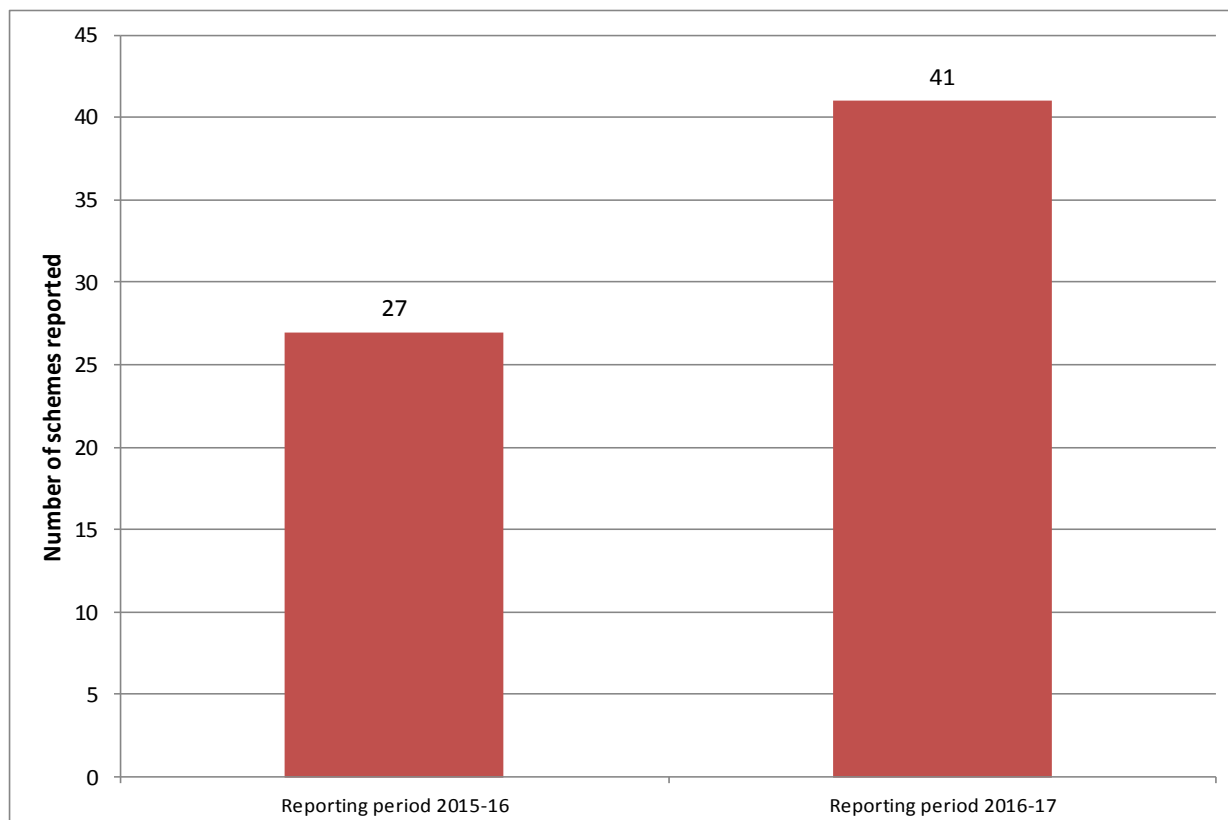
53. The most frequently listed schemes in addition to the CDM are provided in figure 12 below.

**Figure 12. Number of designated operational entities reporting greenhouse gas validation and verification services in addition to the CDM**



54. The comparison of the number of other schemes reported by the DOEs is shown in figure 13 below.

**Figure 13. Number of other schemes reported by the designated operational entities**



55. Most of the DOEs are active in GHG business activities that involve validation or verification of GHGs in other schemes other than the CDM, with the DOEs reporting working on more activities (101) in other schemes as compared to the previous reporting period (91).
56. Most of the DOEs that reported working on other schemes listed the Gold Standard, Verified Carbon Standard (VCS) and regional or national initiatives (e.g. China national carbon market and the EU-ETS). Due to similarities between the CDM and some of the schemes listed, synergies have been identified by DOEs, which include using the status as DOE under the CDM, and using the knowledge and competence obtained under the CDM.
57. Several DOEs recognize that the status of DOE under the CDM gives confidence to its clients and competitive advantages to enter other GHG schemes.
58. It has been noted that some of the DOEs indicated that schemes such the Gold Standard and VCS<sup>9</sup> allow the use of CDM methodologies 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 programme if they have signed the required agreement with VCS and are accredited through an approved accreditation body as per VCS rules.

### Document information

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