

CDM-2023ALY8-INFO

Eighth annual analysis report to the CDM Executive Board on the results of DOE performance monitoring

Version 01.0



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1. Introduction

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) at its fifty-eighth meeting (EB 58) adopted the “Procedure on performance monitoring of designated operational entities” (hereinafter referred to as the DOE performance monitoring procedure)” and subsequently revised it three times with the latest revision 04.0 being adopted at EB 106. The DOE performance monitoring procedure requires that the Board be provided, on an annual basis, with an analysis report on performance of DOEs along with proposals for potential system-wide improvement.
2. The present report is the eighth of such reports. It summarizes and analyses the findings arising from the seventeenth to the nineteenth monitoring periods (MPs), which took place as follows:
 - (a) MP 17, from 1 May 2021 to 31 August 2021 (accounting for data and submissions finalized on 28 February 2022);
 - (b) MP 18, from 1 September 2021 to 31 December 2021 (accounting for data and submissions finalized on 30 June 2022);
 - (c) MP 19, from 1 January 2022 to 30 April 2022 (accounting for data and submissions finalized on 31 October 2022).
3. For comparative purposes, this report includes data from the previous reporting periods (i.e. the seventh reporting period covering MP 14 to MP 16).¹
4. This report provides:
 - (a) Information, trends and analysis of the long-term performance of DOEs;
 - (b) Analysis of the issues arising from DOE performance;
 - (c) Potential broad proposals for system-wide improvement via identification of issues where guidance or requirements lack clarity or are non-existent.
5. An overview of the performance of DOEs is provided following the trends observed through analysis of the issues raised in: requests for reviews (RfRs) or requests for clarifications (RfCs) and rejected requests from DOEs and areas of potential improvements for requests for registration and issuance for both project activities and programmes of activities (PoAs); requests for renewal of crediting period of project activities; requests for renewal of PoA period; requests for approval of post-registration changes (PRCs) of both project activities and PoAs under the prior-approval track; and notifications of changes to component project activities (CPAs). A more detailed analysis is provided for the indicators I_1 , I_2 and I_3 in sections 2, 3 and 4, respectively. The areas for potential system-wide improvement are provided in section 5 below.

¹ The sixth analysis report to the CDM Executive Board on the results of DOE performance monitoring was the last report published before the DOE performance monitoring procedure (version 03.1) was put on hold at EB 87; therefore, the seventh report is the first report under the revised DOE performance monitoring procedure approved and reactive at EB 106 and is considered as being for the seventh analysis report. The data from the previous reporting period are stated in chronological order in italics in parentheses.

6. The definitions of the indicators I_1 , I_2 and I_3 are listed as below:
- (a) Indicator I_1 includes the following two sub-indicators:
 - (i) Indicator $I_{1,CC}$: Rate of incomplete submissions at the stage of completeness check (CC);²
 - (ii) Indicator $I_{1,IRC}$: Rate of incomplete submissions at the stage of information and reporting check (IRC);³
 - (b) Indicator I_2 includes the following two sub-indicators:
 - (i) Indicator $I_{2,REG}$: Risk priority number (RPN) value at the stage of review of requests for registration;⁴
 - (ii) Indicator $I_{2,ISS}$: RPN value at the stage of review of requests for issuance;⁵
 - (c) Indicator I_3 calculates RPN value at the stage of clarification and rejection of requests for prior approval of PRCs and notifications of changes to CPAs.⁶

2. Analysis of the indicator I_1

2.1. Overview of performance of DOEs

7. A total of (972) 731 requests were submitted by (25) 22 DOEs, with the average finalization rate (97) 93 per cent in these three monitoring periods, out of which (25) 19 and (109) 102 submissions were deemed incomplete at CC and IRC, respectively.⁷ Table 1 provides an overview of performance of DOEs through the indicator I_1 .

² The indicator $I_{1,CC}$ is to monitor incomplete submissions at the CC stage of requests for registration and issuance for both project activities and PoAs, requests for renewal of crediting period of project activities, requests for renewal of PoA period, requests for approval of PRCs to both project activities and PoAs under the prior-approval track, and notifications of changes to CPAs.

³ The indicator $I_{1,IRC}$ is to monitor incomplete submissions at the stage IRC of requests for registration and issuance for both project activities and PoAs, requests for renewal of crediting period of project activities, and requests for renewal of PoA period.

⁴ The indicator $I_{2,REG}$ is to monitor requests for review raised for requests for registration for both project activities and PoAs, requests for renewal of crediting period of project activities, and requests for renewal of PoA period.

⁵ The indicator $I_{2,ISS}$ is to monitor requests for review raised for requests for issuance for both project activities and PoAs.

⁶ The indicator I_3 is to monitor clarification and rejection of requests for approval of PRCs to both project activities and PoAs under the prior approval track and notifications of changes to CPAs.

⁷ The DOE performance monitoring procedure, paragraph 15(a), provides a definition of the indicator I_1 , which includes two sub-indicators: $I_{1,CC}$ and $I_{1,IRC}$. The DOE performance monitoring procedure, paragraph 24, requires that the DOE be considered to be in the indicator I_1 red zone, if its indicator $I_{1,CC}$ or $I_{1,IRC}$ is more than the respective thresholds.

Table 1. Overview of performance of DOEs

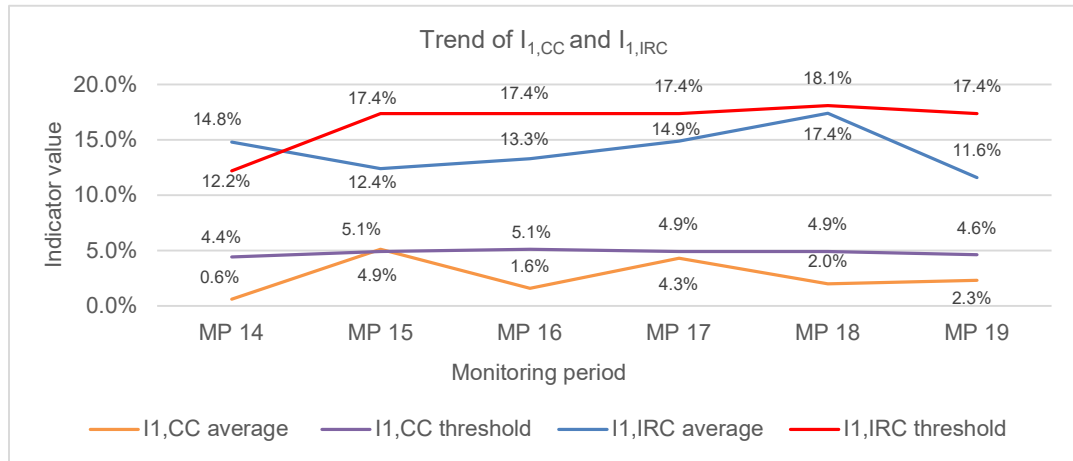
MP	No. of requests submitted^(a)	No. of DOEs	No. of submissions finalized having CC incompleteness raised	No. of submissions finalized having IRC incompleteness raised	Finalization rate	No. of DOEs in I₁ red zone
MP 14	341	23	2	42	97%	8
MP 15	372	21	19	45	96%	7
MP 16	259	20	4	22	97%	7
MP 17	224	18	9	33	96%	9
MP 18	269	20	5	42	91%	11
MP 19	238	17	5	27	91%	5

^(a) The requests cover requests for registration for both project activities and PoAs, requests for renewal of crediting period of project activities, requests for renewal of PoA period, requests for issuance for both project activities and PoAs, requests for approval of PRCs to both project activities and PoAs under the prior approval track, and notifications of changes to CPAs.

2.2. Evolution of performance of DOEs

8. Figure 1 shows the evolving trend of average value and threshold value for the indicators $I_{1,CC}$ and $I_{1,IRC}$, respectively.⁸

Figure 1. Evolving trend of the indicators $I_{1,CC}$ and $I_{1,IRC}$



9. Figures 2 and 3 show the evolving trend of the number of DOEs within the indicators $I_{1,CC}$ and $I_{1,IRC}$, respectively.

Figure 2. Evolving trend in the number of DOEs in the indicator $I_{1,CC}$

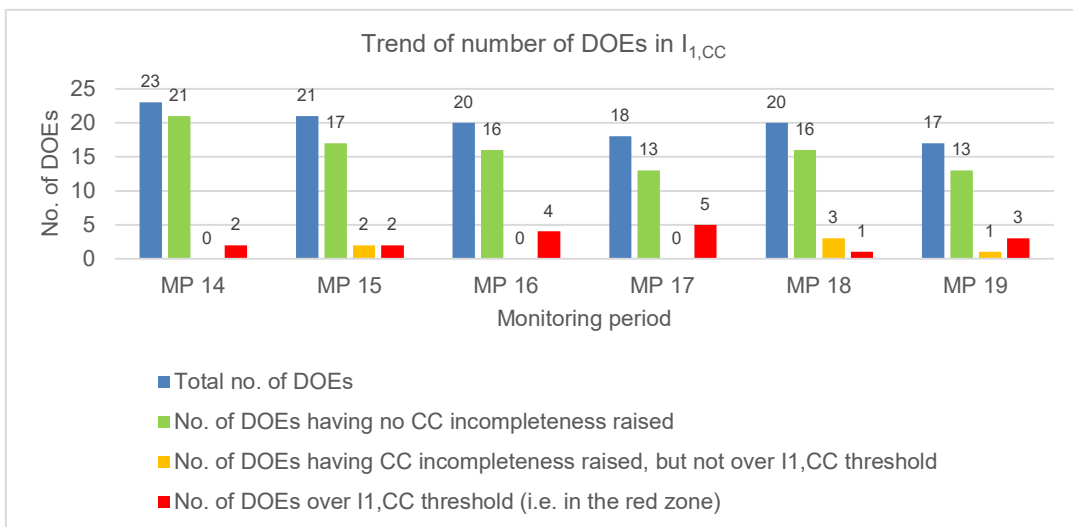
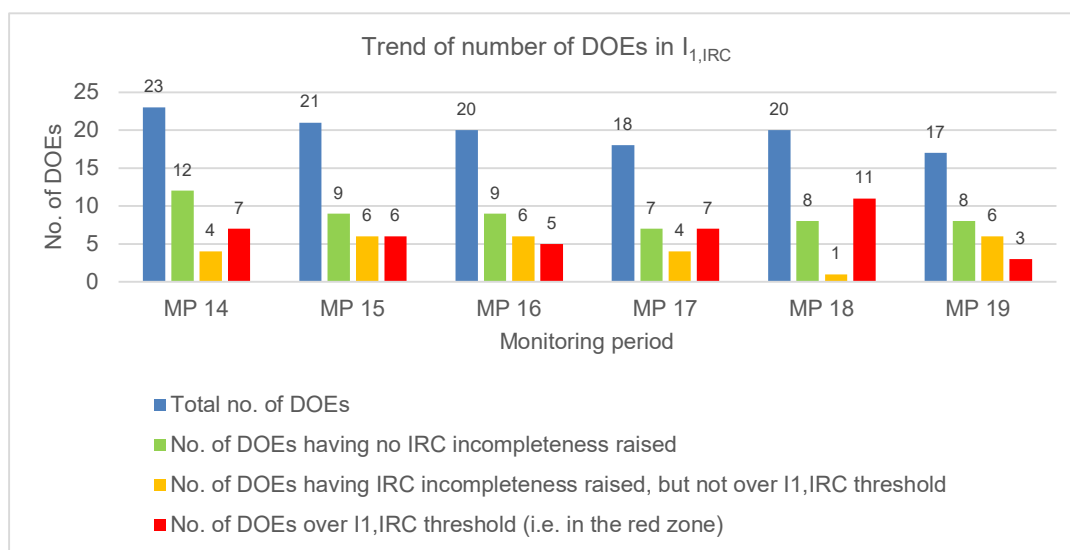


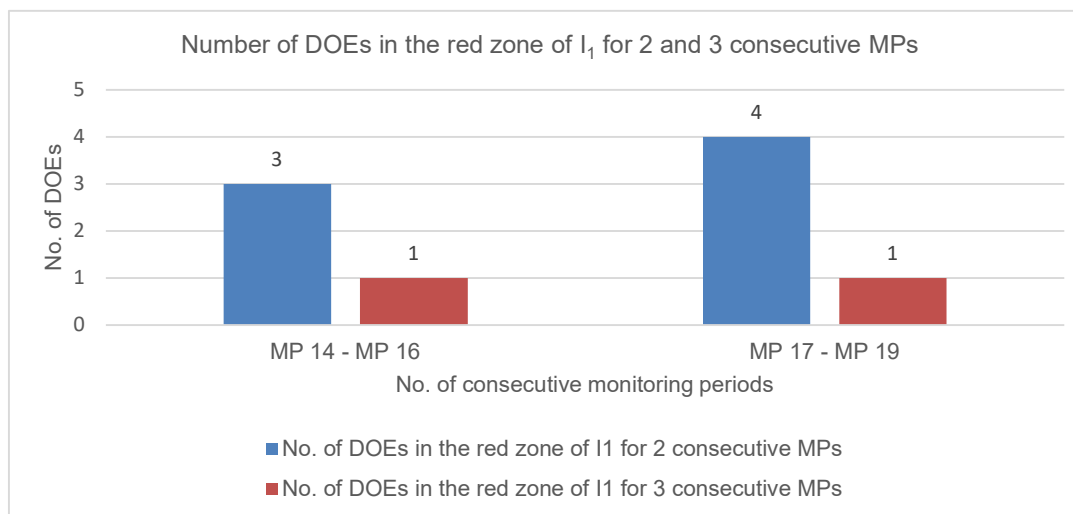
Figure 3. Evolving trend in the number of DOEs in the indicator $I_{1,IRC}$

⁸ The indicator $I_{1,CC}$ average value is the average value amongst all DOEs in a given monitoring period. The $I_{1,CC}$ threshold value is calculated based on the paragraph 21 of the DOE performance monitoring procedure.



10. From the data presented in figures 2 and 3 above, figure 4 represents the numerical breakdown of the number of DOEs which are in the red zone for the indicator I₁ for at least two consecutive monitoring periods.

Figure 4. Number of DOEs in the red zone for the indicator I₁



2.3. Analysis of results of the indicator I₁

11. As seen from table 1, the average finalization rate was (96.5) 93 per cent at the time of the final version of monitoring reports. The average number of the DOEs in the red zone was (seven) eight DOEs. It is observed that although the trend in the number of DOEs in the red zone for the indicator I₁ had been constant between the MP 14 and MP17 and subsequently increased since the MP 17, it decreased in the MP 19.
12. As seen from figure 2, a slight increasing trend in the number of DOEs in the red zone for the indicator I_{1,CC} is observed. As seen from figure 3, an increasing trend in the number

of DOEs in the red zone for the indicator I1,IRC is observed from MP 16 to MP18, followed by a significant decreased in number in the MP19. Therefore, while it can be concluded that the DOEs' performance in the indicator I1,IRC was improving, the DOEs' performance in the indicator I1,CC was deteriorating. As seen from figures 1, 2 and 3, the average ranges of the DOEs in the red zone for the indicators I1,CC and I1,IRC from MP 14 to MP 19 are 14.8 per cent and 32.6 per cent, respectively, which can be considered as meeting the range of the system design, i.e. not more than 20–30 per cent.⁹

13. As seen from figure 4, the number of DOEs which are in the red zone for two consecutive monitoring periods decreases, since there is only (*one*) one DOE that was in the red zone for the indicator I₁ for three consecutive monitoring periods. Therefore, it can be concluded that the actions undertaken by the DOEs enhanced the continuous improvement of the DOEs' quality management systems.¹⁰

3. Analysis of the indicator I₂

3.1. Overview of performance of DOEs

14. A total of (741) 648 requests were submitted by (25) 22 DOEs in these three monitoring periods, out of which (11) three RfRs were raised; consequently, there are in total (25) five RfR issues identified.¹¹ Table 2 provides an overview of performance of DOEs through the indicator I₂.

Table 2. Overview of performance of DOEs

MP	No. of requests submitted ^(a)	No. of DOEs	No. of RfR raised	No. of DOEs having RfR raised	No. of RfR issues raised
MP 14	251	23	5	4	7
MP 15	336	21	3	2	9
MP 16	154	20	3	2	9
MP 17	196	18	3	2	5
MP 18	225	20	0	0	0
MP 19	227	17	0	0	0

^(a) The requests cover requests for registration for both project activities and PoAs, requests for renewal of crediting period of project activities, requests for renewal of PoA period, and requests for issuance for both project activities and PoAs.

3.2. Evolution of performance of DOEs

⁹ Please refer to concept note CDM-EB102-AA-AB-CONF.

¹⁰ The DOE performance monitoring procedure, paragraph 34, has the provision that if any of the DOE performance monitoring reports show a DOE in the indicator I₁ red zone, the DOE shall undertake a root-cause analysis to identify the causes of the deficiencies in its system and implement corrective and/or preventative actions to improve its performance.

¹¹ The DOE performance monitoring procedure, paragraph 15(b), provides a definition of the indicator I₂, which includes two sub-indicators I_{2,REG} and I_{2,ISS}. The DOE performance monitoring procedure, paragraph 25, provides the provisions on how to categorize the DOEs which are considered to be in the green zone, yellow zone or red zone.

15. Figure 5 shows the evolving trend in average value and threshold value of the indicator $I_{2,REG}$. Figure 6 shows the evolving trend in the number of DOEs in the indicator $I_{2,REG}$.^{12,13}

Figure 5. Evolving trend in the indicator $I_{2,REG}$

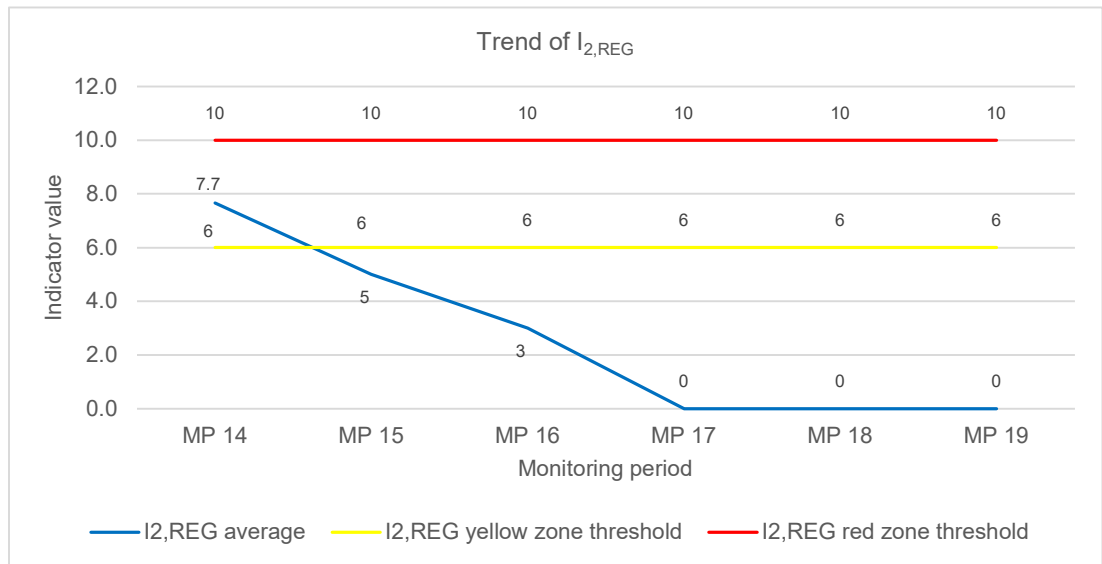
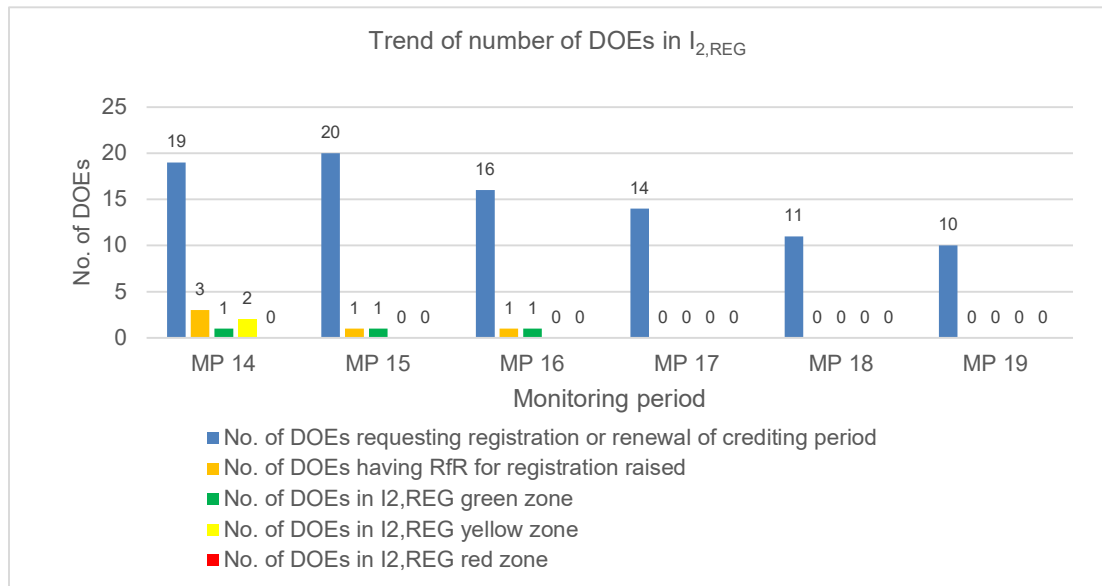


Figure 6. Evolving trend in the number of DOEs in the indicator $I_{2,REG}$



¹² The number of RfR raised for registration per DOE in each of these three monitoring periods is less than three; therefore, the DOE performance monitoring procedure, paragraphs 15(b)(i)aii and 25(b), is applied.

¹³ There is no DOE in the red zone of the indicator $I_{2,REG}$ for these three monitoring periods; therefore, the values of the legend "DOEs in $I_{2,REG}$ red zone" shown in figure 6 are zero for MP 14, MP 15 and MP 16.

16. Figure 7 shows the evolving trend in average value and threshold value of the indicator $I_{2,ISS}$. Figure 8 shows the evolving trend in the number of DOEs in the indicator $I_{2,ISS}$.^{14,15}

Figure 7. Evolving trend in the indicator $I_{2,ISS}$

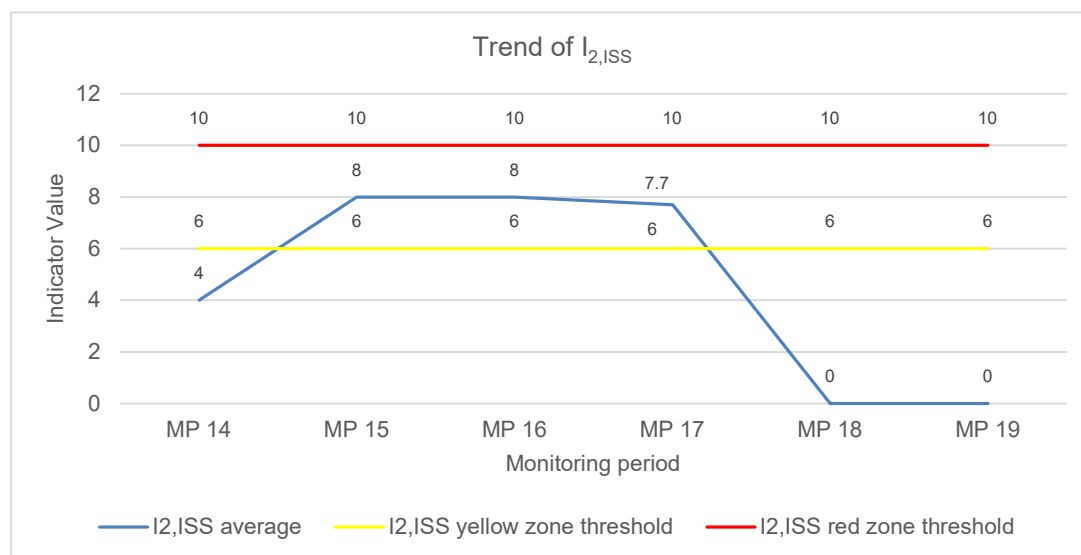
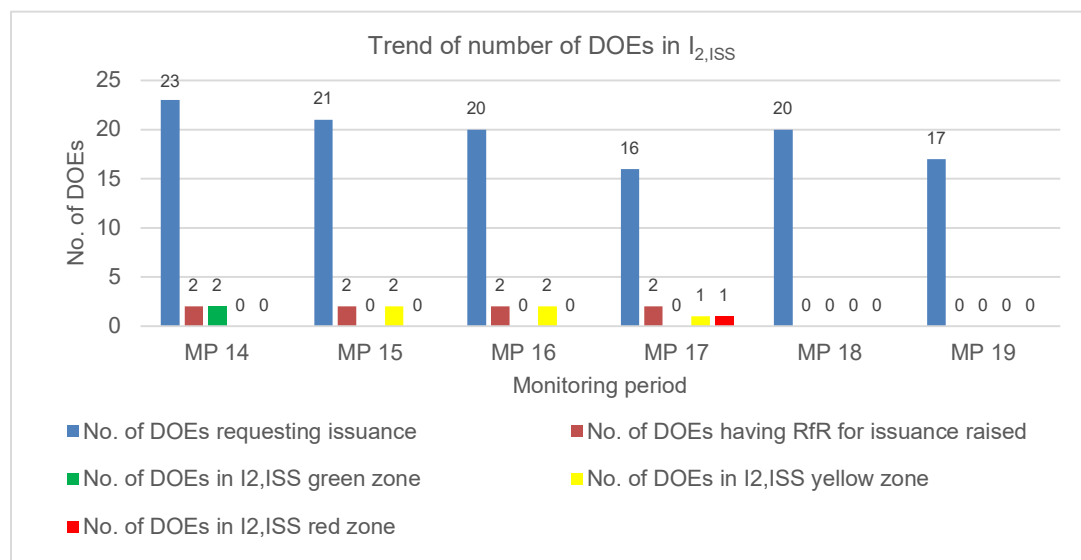


Figure 8. Evolving trend in the number of DOEs in the indicator $I_{2,ISS}$



¹⁴ The number of RfR raised for issuance per DOE in each of these three monitoring periods is less than three; therefore, the DOE performance monitoring procedure, paragraphs 15(b)(ii)aii and 25(b), is applied.

¹⁵ No DOE was allocated in the red zone of the indicator $I_{2,ISS}$ for these three monitoring periods; therefore, the values of the legend "DOEs in $I_{2,ISS}$ red zone" shown in figure 8 are zero for MP 14, MP 15 and MP 16.

17. From the data presented in table 2, figures 9 and 10 show the breakdown and trend of the number of RfR issues raised and the number of RfR issues criteria on the indicators $I_{2,REG}$ and $I_{2,ISS}$, respectively.¹⁶

Figure 9. Trend in the number of RfRs raised and RfR issue criteria on the indicator $I_{2,REG}$

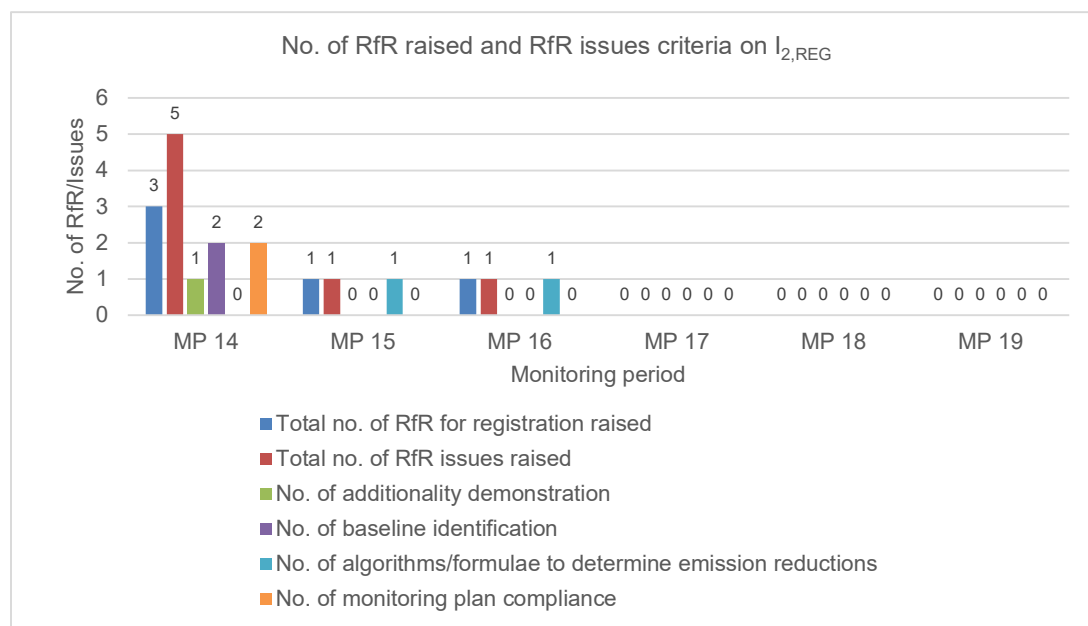
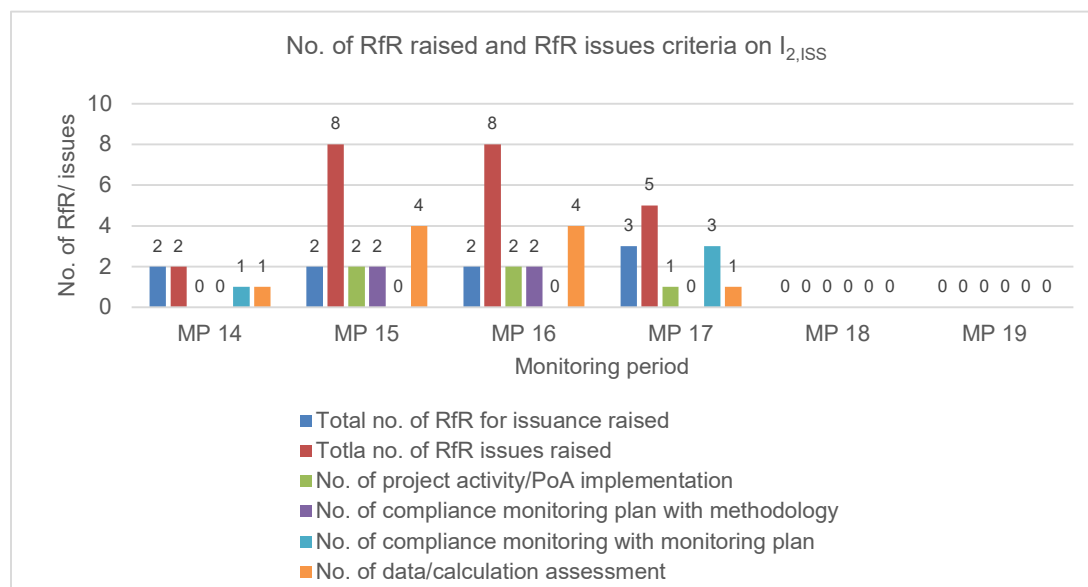


Figure 10. Trend in the number of RfRs raised and RfR issue criteria on the indicator $I_{2,ISS}$



3.3. Analysis of results of the indicator I_2

18. As seen from figures 5, 6 and 9, for the indicator $I_{2,REG}$, it is observed that:
- (a) The average value of the indicator $I_{2,REG}$ was decreasing;
 - (b) The number of DOEs in the yellow zone was decreasing, whereas the number of DOEs in the green zone was at the same level from MP 14 to MP 16 and subsequently decreasing from MP 17 to MP 19. Although the submission number in the eighth annual analysis report is fewer than in the seventh annual analysis report, it can be still concluded that DOEs' performance in the indicator $I_{2,REG}$ was improving;
 - (c) The number of issues identified in each RfR of the indicator $I_{2,REG}$ remained at the same level from MP 14 to MP16 and subsequently decreased since MP 17;
 - (d) Issues identified in RfRs of the indicator $I_{2,REG}$ were categorized under the criteria of "Additionality demonstration", "Baseline identification", "Monitoring plan compliance" and/or "Algorithms/formulae to determine emission reductions". The number of issues identified under the criteria "Additionality demonstration", "Baseline identification", "Monitoring plan compliance" and "Algorithms/formulae to determine emission reductions" were decreasing.
19. As seen from figures 7, 8 and 10, for the indicator $I_{2,ISS}$, it is observed that:
- (a) The average value of the indicator $I_{2,ISS}$ was increasing from MP 14 to MP 17 and subsequently decreasing since MP 18;
 - (b) The number of DOEs in the yellow zone was decreasing, whereas the number of DOEs in the red zone was increasing from MP 14 to MP 17. Although there were no DOEs in the yellow zone and red zone, it can be concluded that DOEs' performance in the indicator $I_{2,ISS}$ was deteriorating;
 - (c) The number of issues identified in each RfR of the indicator $I_{2,ISS}$ was increasing from MP 14 to MP 16 and subsequently decreasing since MP 17;
 - (d) Issues identified in RfRs of the indicator $I_{2,ISS}$ were categorized under the criteria of "Project activity/PoA implementation", "Compliance monitoring plan with methodology", "Data/calculation assessment" and "Compliance monitoring with monitoring plan". The number of issues identified under the criterion of "Compliance monitoring with monitoring plan" was increasing, whereas the number of issues raised under the criteria of "Project activity/PoA implementation", "Compliance monitoring plan with methodology" and "Data/calculation assessment" was decreasing.
20. There was (zero) one DOE in the red zone for the indicator I_2 ; therefore (zero) one spot-check was considered. There was (zero) zero DOE in the yellow zone for the indicator I_2 in the three consecutive monitoring periods; therefore, there is no additional performance assessment added.¹⁷

¹⁶ The DOE performance monitoring procedure, appendixes 1 and 2 provide the categorization and criteria of non-compliance issues for the indicators $I_{2,REG}$ and $I_{1,ISS}$.

¹⁷ The DOE performance monitoring procedure, paragraphs 41 and 44, has the provisions on initiation of a spot-check and an additional performance assessment to the number of planned performance assessments if a DOE is in the red zone and yellow zone for the indicator I_2 in three consecutive monitoring periods.

4. Analysis of the indicator I₃

4.1. Overview of performance of DOEs

21. A total of (231) 83 requests were submitted by (10) eight DOEs in these three monitoring periods, out of which (126) 15 RfCs were raised; consequently, there are in total (228) 38 issues identified.¹⁸ Table 3 provides an overview of performance of DOEs through the indicator I₃.

Table 3. Overview of performance of DOEs

MP	No. of requests submitted ^(a)	No. of DOEs requesting PRC/notification of change	No. of requests having RfC/rejection raised	No. of DOEs having RfC/rejection raised	No. of issues raised
MP 14	90	8	73	5	139
MP 15	36	8	24	7	46
MP 16	105	10	29	6	43
MP 17	28	9	8	6	22
MP 18	44	5	2	2	8
MP 19	11	8	5	5	8

^(a) The requests cover requests for approval of PRCs to both project activities and PoAs under the prior approval track and notifications of changes to CPAs.

4.2. Evolution of performance of DOEs

22. Figures 11 and 12 provide the trend in the indicator I₃ with respect to the average value, and the threshold value, respectively.¹⁹

¹⁸ The DOE performance monitoring procedure, paragraph 15(c), provides a definition of the indicator I₃.

¹⁹ The DOE performance monitoring procedure, paragraph 15(c)(i), has the provisions on how to calculate the indicator I₃ based on the situations when the number of RfCs and rejected requests raised during a given monitoring period is higher than or equal to three, and less than three.

Figure 11. Evolving trend in the indicator I_3 for those requests where the number of RfCs and rejected requests during a given monitoring period is less than three

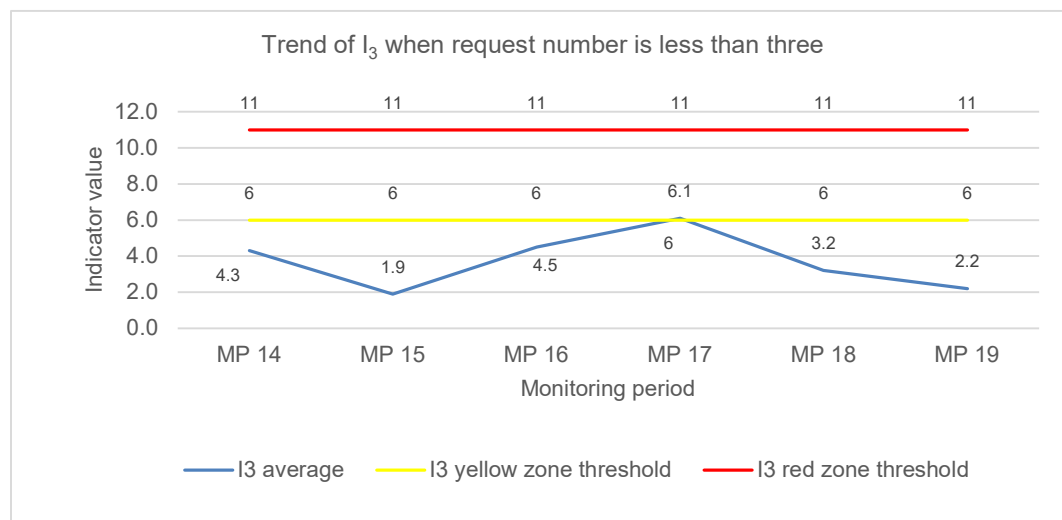
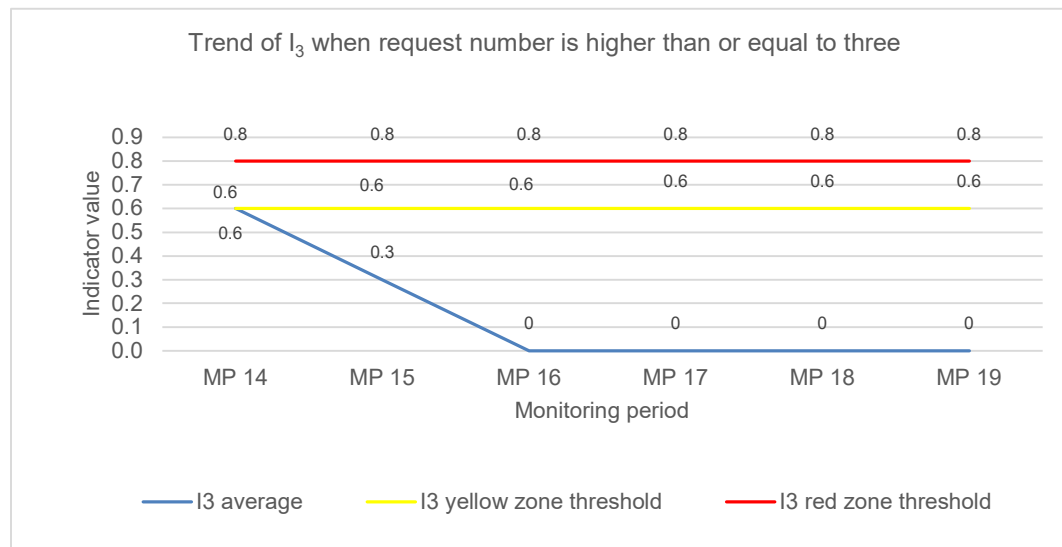


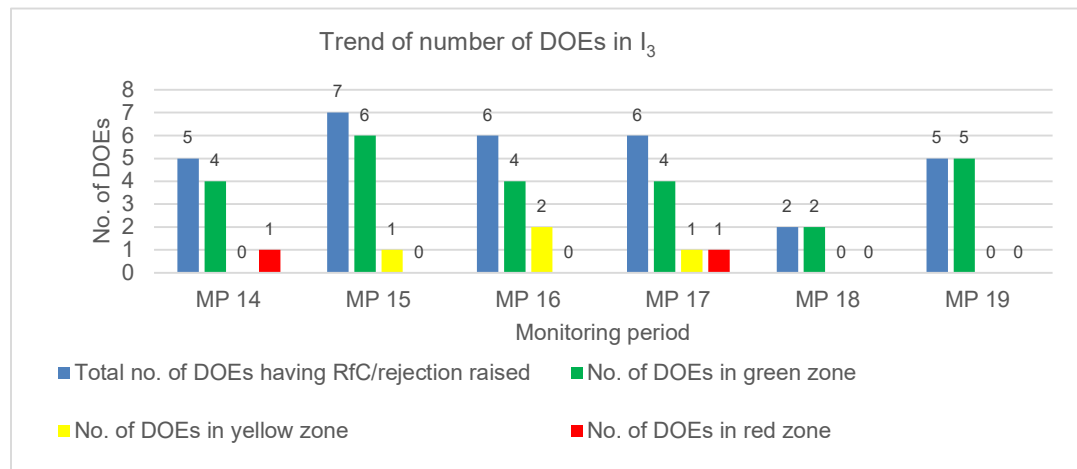
Figure 12. Evolving trend in the indicator I_3 for those requests where the number of RfCs and rejected requests during a given monitoring period is higher than or equal to three



23. Figure 13 provides the evolving trend in the number of DOEs in the indicator I_3 .²⁰

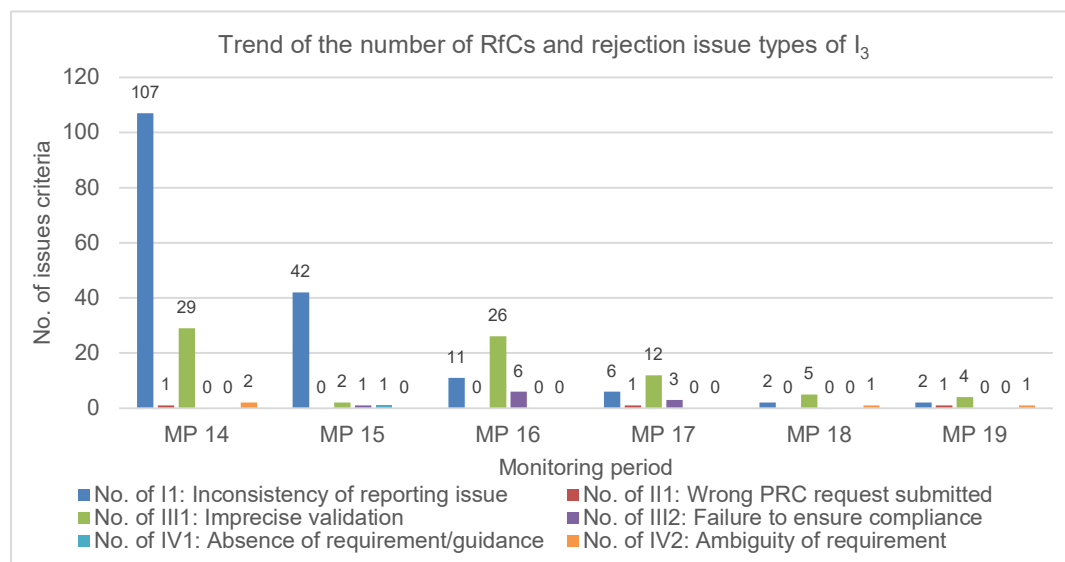
²⁰ The DOE performance monitoring procedure, paragraph 26, provides the provisions on how to categorize the DOEs in the green zone, yellow zone and red zone.

Figure 13. Evolving trend in the number of DOEs in the indicator I₃



24. Figure 14 shows the evolving trend in the number of RfCs and rejection issue types of the indicator I₃.²¹

Figure 14. Trend in the indicator I₃ RfCs and rejection issue types



4.3. Analysis of results of the indicator I₃

25. As seen from figures 11 and 12, it is observed that the average value of the indicator I₃ was increasing from MP 14 to MP 17 and subsequently decreasing since MP 18 for those requests where the number of RfCs and rejected requests during a given monitoring period is less than three, which demonstrates an improved performance of DOEs. Similarly, for those requests where the number of RfCs and rejected requests during a

²¹ The DOE performance monitoring procedure, appendix 3, provides the categorization of and criteria for non-compliance issues for the indicators I₃. There is one rejection issue raised in this one-year analysis period.

giving monitoring period is higher than or equal to three, the average value of the indicator I_3 was decreasing, which shows an improved performance.

26. As seen from table 3 and figure 13, it is observed that:
- A high number of RfCs and rejection requests were raised at MP 14 (i.e. 73 requests), whereas the trend went down from MP 15 (i.e. 24 requests) to MP 19 (5 requests);
 - The number of DOEs that submitted PRCs or notifications of change of CPAs had received RfCs and rejection requests remains high for this reporting period, at (69) 59 per cent;
 - The majority of DOEs were in the green zone, at (78) 85 per cent, and the number of DOEs in the yellow zone went down (17) 8 per cent for this reporting period;
 - (One) One DOE was in the red zone for this reporting period.
27. As seen from table 3 and figure 14, with regard to the number of issues raised and types of issues in the RfCs and rejection requests, it is observed that:
- A relatively high number of issues were raised, at (1.8) 2.5, for this reporting period. This corresponds to around two issues per RfC and rejection request;
 - The number of issues under the issue type I1 “Inconsistency reporting issue” and the issue type III1 “Imprecise validation” were significantly decreasing;
 - (Two) Two issues under the issue type “Ambiguity of requirements” and (one) zero issue under the issue type “Absence of requirement/guidance” were raised.

5. Areas for system-wide improvement

28. Taking into consideration the data gathered from these three MPs and the analysis above, this section identifies areas of improvement and offers proposed solutions.
29. The issue related to whether the request for PRCs can be utilized to change the start date of the crediting period if the request for PRC is submitted after the expiry of the first crediting period for the project activity was identified under the criteria “Ambiguity of interpretation of requirements of methodology/guidance” at MP 18 and MP 19. This issue was reported to the Board at EB 114 and the Board issued the clarification CDM-EB114-A01-CLAR “Post-registration change to the start date of the crediting period” to clarify that for a PRC to delay the start date of the crediting period of a registered CDM activity or a CPA included in a registered PoA, the request for approval or the notification of such PRC, respectively, may only be submitted before the expiry of the first crediting period.²²
30. Since the clarification CDM-EB114-A01-CLAR “Post-registration change to the start date of the crediting period” as mentioned in paragraph 29 above was issued by the Board, it is proposed that any recurrences during subsequent monitoring periods be continuously

²² The clarification CDM-EB114-A01-CLAR is available at:
https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20220603110331820/reg_clar04.pdf

observed. If similar situations are identified in the future, it is proposed that the Board consider whether it needs to issue an additional clarification to enhance the clarity of the CDM requirements.

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