

Agenda item 2.2.

Paragraph 4 of the annotated agenda

Assessment of consequences of non-responsive DNAs for project participants

CDM EB 123

Baku, Azerbaijan, 6 to 8 November 2024



- The **CMP.18** requested the Executive Board to address the issue of non-responsive designated national authorities (DNAs) as follows:
 - a) If the DNA of a Party to the Kyoto Protocol has become non-responsive, the secretariat shall confirm with the UNFCCC national focal point of that Party that the DNA is no longer operational;
 - b) Request the UNFCCC national focal points of Parties to the Kyoto Protocol with non-responsive DNAs to confirm to the secretariat whether the Party concerned still wishes to participate in the CDM and whether the UNFCCC national focal points will continue to perform the tasks of the DNA or designate another authority to carry out those tasks.



Procedural background

- In response to Decision 1/CMP.18, **CDM EB 121**, requested the secretariat to:
 - a) Initiate written communication with the UNFCCC NFP of the Parties to the Kyoto Protocol of non-responsive DNAs as identified by project participants to confirm whether the DNA is no longer operational;
 - a) Reach out to the heads of delegations of the Parties to the Kyoto Protocol that have not responded to the above communication and report back to the Board.



Procedural background

- ❑ **The CDM EB 122**, considered (i) updated information on the status of non-responsive DNAs; and (ii) responses provided to the written communication sent to UNFCCC NFPs of the Parties to the Kyoto Protocol and the secretariat's outreach to HoDs of the Parties to the Kyoto Protocol with non-responsive DNAs, as identified by project participants, and **requested the secretariat to:**
 - a) **Continue to reach out** to HoDs and **provide an update** to the Board on the status of non-responsive DNAs;
 - b) **Reflect any changes** communicated to the secretariat with respect to authorized contact persons, contact details or the designation of a new authority as DNA on the CDM web-site;
 - c) **Undertake an analysis of implications** across the project cycle for cases in which UNFCCC NFPs of Parties to the Kyoto Protocol perform the tasks of the DNA **once such a notification is received by the secretariat;**
 - d) **Conduct an assessment of the consequences** of not having a DNA for project participants of CDM projects to be considered by the Board at its next meeting.



Purpose

- ❑ The purpose of this information note is to:
 - a) Provide updated information on the status of non-responsive DNAs based on the latest information obtained from the UNFCCC NFPs of the Parties to the Kyoto Protocol and the secretariat's outreach to heads of delegations;
 - a) Undertake an assessment of the consequences of not having a DNA for project participants of CDM projects to be considered by the Board.



Status of non-responsive DNAs

- ❑ Initial written communication sent to 4 NFP (Sweden, the Netherlands, Mexico and Israel) of the Parties to the Kyoto Protocol of non-responsive DNAs as identified by project participants on **05 April 2024**:
 - ✓ **The Netherlands** informed about the change of authorized contact person for the same DNA entity and change of contact details;
 - ✓ **Sweden** informed that the DNA is no longer operational. Will consider how to address the situation;

- ❑ Correspondence sent to the HoDs of Parties from which response was not obtained (Mexico and Israel) on **08 May 2024**:
 - ✓ No response obtained.



Status of non-responsive DNAs

- ❑ Secretariat continued to reach out to HoDs of Parties that did not respond:
 - ✓ On 18 June **Israel informed that the current DNA of Israel has changed**, and new DNA will be designated. Official communication of the details of the new DNA has not been received;
 - ✓ On 23 September **Sweden informed that the DNA of Sweden has been reinstated** and is now operational.
- ❑ Currently no information has been provided by Mexico on the status of the DNA of Mexico
- ❑ **Only one pending case:** a request for change of the legal name of PP HP- Mexico



Potential consequences of not having a DNA for PPs of CDM projects:

- ❑ Shall designate a national authority (para. 29)

- ❑ **Participation requirements:** as per relevant para. 30 (non-Annex I) and paras. 31 and 32 (Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol) of the Decision 3/CMP.1

- ❑ **Authorization:** Party that authorizes PPs under CDM shall remain responsible for the fulfilment of its obligations under the Kyoto Protocol and shall ensure that such participation is consistent CDM M&P (para. 33)



Potential consequences of not having a DNA for PPs of CDM projects:

- ❑ EB 118, agreed to cease receiving requests under the temporary **measure** as of date of operationalization of transition process which was initiated on **30 June 2023**

- ❑ To enable seamless transactions such as **pre-2021 issuance, forwarding, voluntary cancelations of CERs** respective requirements for roles and responsibilities of the DNAs throughout the CDM project cycle shall be fulfilled:
 - ✓ No objection to specific post-registration changes;
 - ✓ Authorizing specific changes to MoCs (addition of PPs, change of CMEs, changes to identity of PPs, their entity names and/or their legal status);
 - ✓ Withdrawal/Amendment of approval/authorization.



Key issues and proposed solutions

❑ DNAs roles in Amendments and Withdrawals of Approvals, Authorization:

- Withdrawal of CDM PA and PoA approval;
- Amendments and withdrawals of authorization of PPs and the coordinating/managing entity.

❑ DNAs roles in post-registration changes:

- Addressing changes in capacity/technology;
- Changes to MoC statement:
 - a) resulting from ***insolvency and/or disputes*** over the designation of focal points;
 - b) changes of PPs*** (additions, identity, entity legal names, legal status, etc.);
 - c) administrative withdrawal of PPs.

❑ Request for review of request of issuance of CERs

❑ Voluntary deregistration: no objection basis



- ❑ Addressing the issue of non-responsive DNAs will help ensure the continued integrity and effectiveness of the project cycle processes. It will support efforts of the Board to ensure seamless issuance, forwarding and voluntary cancellation of pre-2021 CERs.



Recommendations to the Board

- ❑ The secretariat recommends that the Board take note of the updated information provided on the status of non-responsive DNAs and the assessment of the consequences of not having a DNA for project participants;
- ❑ The Board may wish to request the secretariat to bring any future updates on the status of DNAs to the Board's attention when deemed necessary.



Subsequent work and timelines

□ As next steps the secretariat will:

- Continue to reach out to HoD of the non-responsive DNA during COP 29;
- Provide an update on the status of non-responsive DNAs when deemed necessary.

