

Decision -/CP.9

Guidance to the Executive Board of the clean development mechanism

The Conference of the Parties,

Recalling its decisions 15/CP.7, 17/CP.7 and its annex, and 21/CP.8,

Noting with appreciation the second report of the Executive Board of the clean development mechanism and its addendum,

Noting a concern expressed with respect to the interpretation of rules 26 and 27 of the rules of procedure of the Executive Board of the clean development mechanism,

Encouraging the Executive Board to continue to report on its activities,

Being aware of the need to clarify the wording of paragraph 13 of decision 17/CP.7, which inadvertently excluded the possibility for projects starting between the date of adoption of decision 17/CP.7 and the date of the first registration of a clean development mechanism project activity to be able to earn certified emission reductions for this period,

Bearing in mind the need to ensure continuity of work by the Executive Board, in particular with regard to the Chair and Vice-Chair being in office in the period between the election of new members and alternates and the first meeting of the Executive Board in a calendar year,

Recalling provisions regarding the identification of capacity-building needs in decision 2/CP.7,

Further recalling that in accordance with paragraph 4 (b) of the modalities and procedures for a clean development mechanism, contained in the annex to decision 17/CP.7, it shall review the regional and subregional distribution of designated operational entities and take appropriate decisions to promote accreditation of such entities from developing country Parties,

Recognizing measures already taken by the Board to facilitate the application for accreditation of operational entities located in developing country Parties,

Recognizing the need for the Board to work further on the implementation of the provisions in appendix C to the modalities and procedures for a clean development mechanism and to further facilitate the development of baseline and monitoring methodologies on the basis of experience gained,

1. *Decides:*

(a) To commend the Executive Board for the successful operationalization of the prompt start of the clean development mechanism, in particular through the progress made on accreditation and the approval of methodologies, and for its efforts relating to the implementation of rules 26 and 27 of the rules of procedure by providing for dialogue with constituencies and the exchange of information with the public;

(b) To further commend the Executive Board and the secretariat for the continuous provision of up-to-date public information on the operational requirements of the clean development mechanism, such as the accreditation procedures for operational entities, the procedure for proposing new methodologies for baselines and monitoring, the registration of clean development mechanism project activities, and the list of designated national authorities;

(c) That a clean development mechanism project activity starting between the date of adoption of decision 17/CP.7 and the date of the first registration of a clean development mechanism project activity may, if the project activity is submitted for registration before 31 December 2005, use a crediting period starting before the date of its registration;

(d) To adopt the amendments to rules 4 and 12 of the rules of procedure of the Executive Board contained in annex I to this decision;

(e) To encourage the Executive Board to keep its rules of procedure under review and, if necessary, make recommendations, in accordance with paragraph 5 (b) of the annex to decision 17/CP.7, on any amendments or additions aimed at safeguarding its efficient, cost-effective and transparent functioning;

(f) To remind Parties wishing to participate in clean development mechanism project activities of the need to identify a designated national authority and of the possibility of making pertinent information on this authority publicly available through the UNFCCC CDM web site;

(g) To reiterate the request, contained in paragraph 14 of decision 17/CP.7, to Parties included in Annex I to the Convention to continue with measures to assist Parties not included in Annex I to the Convention, in particular the least developed countries and small island developing States among them, with building capacity in order to facilitate their participation in the clean development mechanism, taking into account relevant decisions by the Conference of the Parties on capacity-building and on the financial mechanism of the Convention;

(h) To request Parties, within the framework of decision 2/CP.7, to promote capacity-building with a specific view to obtaining more applications for accreditation as designated operational entities from entities located in Parties not included in Annex I to the Convention and invite intergovernmental organizations and non-governmental organizations to contribute to this effort;

(i) To encourage the Executive Board, where appropriate, to intensify its work on methodologies and to provide further guidance for the development of methodologies which have a broader applicability;

(j) To adopt the procedures for review as referred to in paragraph 41 of the modalities and procedures for a clean development mechanism, contained in annex II to this decision;

(k) To express its deep appreciation to Parties which have generously contributed in 2002–2003 to funding administrative expenses of the clean development mechanism;

(l) To invite Parties to urgently make contributions to the UNFCCC Trust Fund for Supplementary Activities for funding the administrative expenses for operating the clean development mechanism in the biennium 2004–2005 which allow the Board and secretariat to carry out their mandates in a sustainable manner.

2. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the draft decision below.

Draft decision -/CMP.1

Guidance to the Executive Board of the clean development mechanism

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Aware of its decisions -/CMP.1 (Mechanisms) and -/CMP.1 (Article 12),

Cognizant of decisions 15/CP.7, 17/CP.7 and its annex, and 21/CP.8,

1. *Decides* to confirm and give full effect to any actions taken pursuant to decision -/CP.9.

Annex I

Amendments to the rules of procedure of the Executive Board of the clean development mechanism

1. Replace the text of rule 4, paragraph 2, with the following text: “The term of service of a member, or an alternate member, shall start at the first meeting of the Executive Board in the calendar year following his/her election and shall end immediately before the first meeting of the Executive Board in the calendar year in which the term ends”.

2. Add the following text after rule 12, paragraph 2: “The secretary of the Board shall preside over the opening of the first Executive Board meeting of a calendar year and conduct the election of the new Chair and Vice-Chair.”

Annex II

Procedures for review as referred to in paragraph 41 of the clean development mechanism modalities and procedures

A. Background

1. In accordance with paragraph 5 (o) of the modalities and procedures for a clean development mechanism, the Executive Board shall elaborate and recommend to the COP (COP/MOP), for adoption at its next session, procedures for conducting the reviews referred to in paragraphs 41 and 65 of the modalities and procedures for a clean development mechanism including, inter alia, procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers.
2. Paragraph 41 of the modalities and procedures for a clean development mechanism stipulates that the registration by the Executive Board shall be deemed final eight weeks after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed clean development mechanism project activity. The review by the Executive Board shall be made in accordance with the following provisions:
 - (a) It shall be related to issues associated with the validation requirements;
 - (b) It shall be finalized no later than at the second meeting following the request for review, with the decision and the reasons for it being communicated to the project participants and the public.
3. The draft procedures for review proposed below aim at elaborating on the provisions in paragraph 41, in particular by specifying detailed provisions for requesting a review, the scope of review, modalities for communicating with project participants and the designated operational entity (DOE) in question, possible outcomes of a review, and the coverage of costs relating to the review.

B. Request for review

4. A request for review by a Party involved in the proposed project activity shall be sent by the relevant designated national authority to the Executive Board, through the secretariat, using official means of communication (such as recognized official letterhead and signature or an official dedicated e-mail account). The secretariat shall acknowledge the receipt of a request for review and promptly forward the request to the Executive Board via the list serve.
5. A request for review by a member of the Executive Board shall be made by notifying the Executive Board through the secretariat. The secretariat shall acknowledge the receipt of a request for review and promptly forward the request to the Executive Board via the list serve.
6. In accordance with paragraph 41 of the modalities and procedures for a clean development mechanism, a review shall be related to issues associated with the validation requirements and a request for review shall, therefore, be specific in this regard.
7. A request for review shall:
 - (a) Include the clean development mechanism project activity registration review form (F-CDM-RR) contained in the appendix to these procedures;¹
 - (b) Provide reasons for the request for review and any supporting documentation.

¹ This form can be downloaded from the section on “References/procedures” on the UNFCCC CDM web site (<http://cdm.unfccc.int/Reference/Procedures>) and/or obtained electronically from the UNFCCC secretariat.

8. A request for review shall be considered to be received by the Executive Board on the date it has been received by the secretariat. A request for review will not be considered by the Executive Board if it is received after 17:00 GMT of the last day of the eight-week period after the receipt of the request for registration.

9. As soon as a Party involved in a proposed clean development mechanism project activity or three Executive Board members request a review of a proposed project activity, the following action shall be taken:

(a) The consideration of a review of the proposed project activity shall be included in the proposed agenda of the next Executive Board meeting;

(b) The Executive Board shall notify the project participants and the designated operational entity which validated the proposed project activity that a review has been requested. The project participants and the designated operational entity shall be informed about the date and venue of the next and the subsequent Executive Board meetings at which the request for review shall be considered. Stakeholders interested in the review process shall also be given an opportunity to attend the next or the subsequent Executive Board meeting;

(c) The project participants and the designated operational entity shall each provide a contact person for the review process, including for a conference call, in case the Executive Board would like to address questions to them during the consideration of a review at its meeting;

(d) The proposed project activity shall be marked as being “under review” on the UNFCCC CDM web site and a notification shall be sent through the UNFCCC CDM News facility.

C. Scope and modalities of review

10. The Executive Board shall consider, at its next meeting, a request for review, and either decide to undertake a review of the proposed project activity or register it as a clean development mechanism project activity.

11. If the Executive Board agrees to undertake a review of a proposed project activity, it shall, at the same meeting, decide on:

(a) The scope of the review relating to issues associated with validation requirements, based on the consideration in the request for a review;

(b) The composition of a review team. The review team shall consist of two Board members, who will be responsible for supervising the review, and outside experts, as appropriate.

12. The review team, under the guidance of the Board members responsible for supervising the review, shall provide inputs, prepare requests for clarification and further information to the designated operational entity and project participants, and analyze information received during the review.

D. Review process

13. The decision by the Board on the scope of the review shall be made publicly available as part of the report of its meeting.

14. Project participants and the designated operational entity which validated the proposed project activity shall be notified of the decision by the Executive Board.

15. Requests for clarification and further information may be sent to the designated operational entity and the project participants. Answers shall be submitted to the review team, through the secretariat, within

five (5) working days after the receipt of the request for clarification. The secretariat shall acknowledge the receipt of the answers and forward them to the review team.

16. The two Board members supervising the review shall be responsible for compiling inputs and comments and preparing the recommendation to be forwarded to the Executive Board via list serve at least two weeks before the next Executive Board meeting.

E. Review decision

17. In accordance with paragraph 41 of the modalities and procedures for a clean development mechanism, the review by the Board shall be finalized no later than at the second meeting following a request for review.

18. Taking into consideration recommendations by the two Board members responsible for the review, the Board shall decide on whether:

- (a) To register the proposed project activity;
- (b) To request the designated operational entity and project participants to make corrections based on the findings from the review before proceeding with registration; or
- (c) To reject the proposed project activity.


19. In accordance with paragraph 41, the Board shall communicate the decision to the project participants, the designated operational entity that validated the proposed project activity and the public.

20. If the review indicates any issues relating to performance of the designated operational entity, the Board shall consider whether or not to trigger a spot-check of the designated operational entity, in accordance with the procedures for accrediting operational entities.

F. Coverage of costs of the request for review

21. The Executive Board shall bear the costs for reviewing a proposed project activity. If the Executive Board decides to reject the registration of a proposed project activity and if a designated operational entity is found to be in the situation of malfeasance or incompetence, the designated operational entity shall reimburse the Board for the expenses incurred as a result of the review. This provision is subject to review as experience accrues.

Appendix

 <p>CDM project activity registration review form (F-CDM-RR) <i>(By submitting this form, a Party involved (through the designated national authority) or an Executive Board member may request that a review is undertaken)</i></p>	
Designated national authority/Executive Board member submitting this form	
Title of the proposed CDM project activity submitted for registration	
<p>Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures, which validation requirement(s) may require review. A list of requirements is provided below. Please provide reasons in support of the request for review, including any supporting documentation.</p>	
<p><input type="checkbox"/> <i>The following are requirements derived from paragraph 37 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied; <input type="checkbox"/> Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received; <input type="checkbox"/> Project participants have submitted to the designated operational entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party; <input type="checkbox"/> The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures; <input type="checkbox"/> The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board; <input type="checkbox"/> Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP; <input type="checkbox"/> The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board. <p><input type="checkbox"/> <i>The following are requirements derived from paragraph 40 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> The designated operational entity (DOE) shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development; <input type="checkbox"/> In accordance with provisions on confidentiality contained in paragraph 27 (h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document; <input type="checkbox"/> The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available; <input type="checkbox"/> After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated; <input type="checkbox"/> The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and the date of submission of the validation report to the Executive Board; <input type="checkbox"/> The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received. 	
<p>Section below to be filled in by UNFCCC secretariat</p>	
Date received at UNFCCC secretariat	
