



**Conference of the Parties serving as the meeting
of the Parties to the Kyoto Protocol**

Tenth session

Lima, 1–12 December 2014

Agenda item 4

Issues relating to the clean development mechanism

Guidance relating to the clean development mechanism

Proposal by the President

Draft decision -/CMP.10

Guidance relating to the clean development mechanism

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

Recalling the provisions of the Kyoto Protocol and decision 1/CMP.8,

Cognizant of decision 3/CMP.1 and subsequent guidance provided by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol relating to the clean development mechanism,

I. General

1. *Welcomes* the annual report for 2013–2014 of the Executive Board of the clean development mechanism;¹
2. *Commends* the Executive Board for the substantial work undertaken over the past year;
3. *Expresses* satisfaction with the progress of the clean development mechanism of the Kyoto Protocol, which to date has been responsible for:
 - (a) Over 7,500 project activities being registered in over 95 countries;
 - (b) Over 1,700 component project activities being included in over 270 programmes of activities registered in over 75 countries;

¹ FCCC/KP/CMP/2014/5.

- (c) Over 1.5 billion certified emission reductions being issued and over USD 215 billion being invested;
 - (d) Over 1.6 million certified emission reductions being voluntarily cancelled;
 - (e) Over 30 million certified emission reductions being transferred through the share of proceeds to the Adaptation Fund;
 - (f) Over USD 190 million of revenue being accrued for the Adaptation Fund from the sale of certified emission reductions;
 - (g) 56 loans under the clean development mechanism loan scheme being approved and over USD 5 million of total commitment;
 - (h) 16 sustainable development co-benefits description reports being published using the voluntary sustainable development tool;²
4. *Designates* as operational entities those entities that have been accredited, and provisionally designated, as operational entities by the Executive Board to carry out the sector-specific validation and verification functions described in annex I;

II. Baseline and monitoring methodologies and additionality

5. *Requests* the Executive Board to further consider the implications of allowing requests for revision of a baseline and monitoring methodology without a draft project design document in cases where the Executive Board considers that the assessment of such a request can be conducted without project-specific information, in order to provide flexibility in the provisions contained in paragraph 38 of the annex to decision 3/CMP.1, and report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration;
6. *Encourages* the Executive Board to continue its work on the simplification and streamlining of baseline and monitoring methodologies with the aim of reducing transaction costs for all project activities and programmes of activities, taking into account that countries, regions and subregions underrepresented in the clean development mechanism are especially affected by high transaction costs;
7. *Decides* to replace paragraph 32 of the annex to decision 5/CMP.1, related to the flexibility in the timing of verification for afforestation and reforestation project activities, with the paragraph contained in annex II;
8. *Requests* the Executive Board to explore additional cost-effective approaches to demonstrating the eligibility of land to qualify as a clean development mechanism afforestation or reforestation project activity, and report back on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration;

III. Registration of clean development mechanism project activities and issuance of certified emission reductions

9. *Decides* to allow the validation by a designated operational entity and the submission for approval by the Executive Board of a monitoring plan at any time up to the first request for issuance of certified emission reductions for all scales of project activities

² Referred to in decision 5/CMP.8.

and programmes of activities in order to provide flexibility in the provisions contained in sections G. and H. of the annex to decision 3/CMP.1;

10. *Endorses* the development of a procedure by the Executive Board that would allow for the voluntary deregistration of clean development mechanism project activities by project participants, while ensuring environmental integrity and the consultation of Parties involved;

11. *Requests* the Executive Board to report on the implementation of the procedure for voluntary deregistration to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session;

12. *Also requests* the Executive Board to publish its procedures for dealing with communications from stakeholders;

13. *Requests* the Executive Board to further analyse options to allow the simplified registration of project activities and programmes of activities that qualify as automatically additional and report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration; the options would include, inter alia, that registration is approved on the basis of a standardized pre-approved registration template using objective criteria without prior validation through a designated operational entity, combined with ex post confirmation by a designated operational entity during the first verification of the compliance with the registered template of the implemented project activity or programme of activities;

14. *Requests* the Executive Board to analyse the implications, and possible provisions for ensuring environmental integrity, of allowing the same designated operational entity to carry out validation and verification for the same project activity or programme of activities of all scales and report back on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration;

15. *Also requests* the Executive Board to develop and digitize methodology-specific design document forms for project activities and programme of activities;

16. *Decides* that, for multi-country programmes of activities, a request for review of a request for issuance raised by a host Party of a programme of activities shall affect only the component project activities in the territory of that Party;

17. *Requests* the Executive Board to streamline provisions relating to programmes of activities in the “CDM project standard”, “CDM validation and verification standard”, “CDM project cycle procedure” and other relevant documents, with a view to achieving consistency in a consolidated set of rules;

18. *Also requests* the Executive Board to consider adjusting, and if appropriate implement, the rules governing programmes of activities to reflect the special features of programmes of activities in order to facilitate effective implementation and reduce associated transaction costs while ensuring environmental integrity, taking into account the implications for liability with regard to the issuance of certified emission reductions resulting from significant deficiencies in validation, verification and certification reports, including rules that:

(a) Apply microscale thresholds at the unit level rather than at the component project activity level;

(b) Allow, as an option, a simplified validation and registration process for activities that satisfy microscale thresholds and are considered automatically additional; this option shall allow for:

- (i) Validation of a programme of activities without the submission of a specific-case component project activity;
- (ii) Inclusion on the basis of a pre-approved standardized inclusion template of component project activities carried out directly by the coordinating/managing entity without prior validation through a designated operational entity;

IV. Regional and subregional distribution

19. *Requests* the Executive Board to explore and analyse options to improve accreditation of operational entities in regions underrepresented in the clean development mechanism, and report back on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration;

V. Resources for work on the clean development mechanism

20. *Requests* the Executive Board to ensure the prudent management of the resources of the clean development mechanism and its ability to perform its duties in maintaining and developing the mechanism up to the end of the true-up period of the second commitment period of the Kyoto Protocol.

Annex I

Entities accredited and provisionally designated by the Executive Board of the clean development mechanism in the reporting period, including entities for which the scope of accreditation was extended (5 October 2013 to 30 September 2014)

<i>Name of entity</i>	<i>Sectoral scopes (validation & verification)</i>
BRTÜV Avaliações da Qualidade S.A. (BRTÜV) ^a	1–5, 12–14
Bureau Veritas Certification Holding SAS (BVCH) ^b	1–15
Carbon Check (Pty) Ltd. (Carbon Check) ^d	1–5, 8–10, 13
Carbon Check (Pty) Ltd. (Carbon Check) ^c	14
CEPREI Certification Body (CEPREI) ^d	1–5, 8–10, 13, 15
China Classification Society Certification Company (CCSC) ^b	1–10, 13
China Environmental United Certification Center Co. Ltd. (CEC) ^b	1–15
China Quality Certification Center (CQC) ^b	1–15
Colombian Institute for Technical Standards and Certification (ICONTEC) ^d	1–5, 7, 10, 13–15
Conestoga-Rovers & Associates Ltd. (CRA) ^b	1, 4–5, 8–10, 12–13
Deloitte Tohmatsu Evaluation and Certification Organization Co. Ltd. (Deloitte–TECO) ^d	1–5, 8, 10, 12, 13, 15
Deloitte Tohmatsu Evaluation and Certification Organization Co. Ltd. (Deloitte–TECO) ^e	6
DNV Climate Change Services AS (DNV) ^b	1–15
Earthood Services Private Limited ^a	1, 3–5, 8, 10, 12–13, 15
EPIC Sustainability Services Pvt. Ltd. (EPIC) ^b	1–11, 13–15
ERM Certification and Verification Services Limited (ERM CVS) ^b	1–5, 8–10, 13, 15
Ernst & Young Associés (France) (EYG) ^b	14
Foundation for Industrial Development – Management System Certification Institute (Thailand) (MASCI) ^b	1, 3–4, 9–10, 13, 15
Germanischer Lloyd Certification GmbH (GLC) ^b	1–5, 7–10, 13, 15
Hong Kong Quality Assurance Agency (HKQAA) ^b	1
IBOPE Instituto Brasileiro de Opinião Pública e Estatística Ltda. (IBOPE) ^b	1
Indian Council of Forestry Research and Education (ICFRE) ^b	14
JACO CDM Ltd. (JACO CDM) ^d	1, 3, 13, 14
Japan Consulting Institute (JCI) ^f	1, 2, 4–5, 8–10, 13
Japan Management Association (JMA) ^b	1–4, 6, 8–9, 14

<i>Name of entity</i>	<i>Sectoral scopes (validation & verification)</i>
Japan Quality Assurance Organization (JQA) ^b	1, 3–5, 9–10, 13–14
Japan Quality Assurance Organization (JQA) ^e	11
KBS Certification Services Pvt. Ltd. (KBS) ^b	1, 3–5, 7, 9–10, 12–13, 15
Korea Energy Management Corporation (KEMCO) ^b	1, 3–5, 7, 9, 11–15
Korea Energy Management Corporation (KEMCO) ^e	2, 6, 8, 10
Korea Environment Corporation (KECO) ^b	1, 3, 13
Korea Environment Corporation (KECO) ^e	2, 4, 5, 6, 7, 9, 10, 14, 15
Korea Testing & Research Institute (KTR) ^b	1, 4–5, 9–11, 13
Korean Foundation for Quality (KFQ) ^b	1–5, 8–11, 13
Korean Register of Shipping (KR) ^b	1, 7, 13
Korean Standards Association (KSA) ^b	1–5, 9–10, 13
LGAI Technological Center S.A. (LGAI) ^b	1, 13
Lloyd's Register Quality Assurance Ltd. (LRQA) ^b	1–13
Northeast Audit Co. Ltd. (NAC) ^b	1–13, 15
Perry Johnson Registrars Carbon Emissions Services (PJRCES) ^d	1–4, 7, 9–10, 12–13, 15
Re-consult Ltd. (Re-consult) ^b	1
RINA Services S.p.A. (RINA) ^b	1–11, 13–15
SGS United Kingdom Ltd. (SGS) ^b	1–7, 9–13, 15
Shenzhen CTI International Certification Co. Ltd. (CTI) ^b	1–4, 6–10, 13
SIRIM QAS International Sdn. Bhd. (SIRIM) ^b	1–4, 7–10, 13, 15
Spanish Association for Standardisation and Certification (AENOR) ^d	1–15
Swiss Association for Quality and Management Systems (SQS) ^f	1–15
TÜV NORD CERT GmbH (TÜV NORD) ^b	1–16
TÜV Rheinland (China) Ltd. (TÜV Rheinland) ^b	1–15
TÜV SÜD South Asia Private Ltd. (TÜV SÜD) ^b	1–15
URS Verification Private Limited (URS) ^b	1, 13

^a Accreditation granted for five years as per paragraph 20 of decision 5/CMP.8.

^b Accreditation period extended from three to five years as per paragraph 20 of decision 5/CMP.8.

^c Extension of sectoral scopes. Only the new sectoral scopes are indicated.

^d Reaccreditation granted for five years as per paragraph 20 of decision 5/CMP.8.

^e Voluntary withdrawal of accreditation. Only the withdrawn sectoral scopes are indicated.

^f Voluntary withdrawal of accreditation in its entirety.

Annex II

Flexibility in the timing of the verification of afforestation and reforestation project activities

Replacement of paragraph 32 of the annex to decision 5/CMP.1:

“The initial verification and certification of an afforestation or reforestation project activity under the clean development mechanism may be undertaken at a time selected by the project participants. In the case of afforestation or reforestation project activities for which tCERs are issued, subsequent verification and certification may be carried out at most once in each subsequent commitment period, at a time selected by the project participants. For afforestation or reforestation project activities for which ICERs are issued, subsequent verifications and certifications shall be carried out within eight years of the date when the previous certification report was submitted until the end of the crediting period.”
