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Item 5 of the provisional agenda

Matters relating to the clean development mechanism

**Annual report of the Executive Board of the clean
development mechanism to the Conference of the Parties
serving as the meeting of the Parties to the Kyoto Protocol***

Summary

This report covers the work of the Executive Board of the clean development mechanism in the reporting period from 9 September 2022 to 27 September 2023, during which the Executive Board continued the temporary measures for the operation of the clean development mechanism after the second commitment period, following the guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session, and, with the clarity provided at that session on the functioning of the clean development mechanism after the second commitment period, the work will continue.

* This document was submitted after the due date owing to the timing of the 119th meeting of the Executive Board of the clean development mechanism.

Abbreviations and acronyms

AIE	accredited independent entity
Article 6.4 mechanism	mechanism established by Article 6, paragraph 4, of the Paris Agreement
CDM	clean development mechanism
CDM-MAP	clean development mechanism business and management plan
CER	certified emission reduction
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
CPA	component project activities
DNA	designated national authority
DNA Forum	Designated National Authorities Forum
DOE	designated operational entity
EB	meeting of the Executive Board of the clean development mechanism
ICER	long-term certified emission reduction
NFP	Nairobi Framework Partnership
PoA	programme of activities
RCC	regional collaboration centre
tCER	temporary certified emission reduction
UNEP	United Nations Environment Programme

I. Introduction

A. Mandate

1. In accordance with the CDM modalities and procedures, the CDM Executive Board (the Board) reports on its activities at each session of the CMP.¹ In exercising its authority over the CDM, the CMP reviews such reports, provides guidance and takes decisions, as appropriate.

B. Scope of the report

2. This annual report provides information on progress in implementing the CDM in the reporting period from 9 September 2022 to 27 September 2023 and includes recommendations for consideration at CMP 18. Data related to project activities, PoAs and CERs cover 1 September 2022 to 31 August 2023 for consistency with previous reports. Information related to standardized baselines, queries from stakeholders and support provided for project activities, PoAs and developing standardized baselines is reported for the same period.

3. The report describes the status of the CDM, highlights achievements related to its operation and provides information on its governance, management and financial status.

4. Further information is available on the CDM web pages,² the central repository for all reports and other documentation relating to the CDM and the Board.

C. Action to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

5. In taking note of this report, the CMP may wish to:

(a) Note the work undertaken by the Board during the reporting period, including in response to the requests of CMP 17;

(b) Designate the operational entities that have been accredited and provisionally designated by the Board (see the annex).

6. The CMP is to elect the following Board members for a term of two years, upon receiving nominations from Parties:

(a) One member and one alternate member from the African States;

(b) One member and one alternate member from the Asia-Pacific States;

(c) One member and one alternate member from the Latin American and Caribbean States;

(d) One member and one alternate member from the Western European and other States;

(e) One member and one alternate member from Parties included in Annex I.³

¹ Decision 3/CMP.1, annex, para. 5(c).

² <http://cdm.unfccc.int/>.

³ As defined in Article 1, para. 7, of the Kyoto Protocol.

II. Status of the clean development mechanism

A. Clean development mechanism in numbers

7. Table 1 presents the number of registered CDM activities, CDM activities issued with CERs and total CERs issued per reporting period for the first and second commitment periods since the inception of the CDM, including provisional cases under temporary measures.

Table 1

Clean development mechanism activities and issuance of certified emission reductions

<i>Reporting period</i>	<i>Number of CDM activities registered^{a,b}</i>	<i>Number of CDM activities issued with CERs^c</i>	<i>CERs issued for first commitment period (2008–2012)^d</i>	<i>CERs issued for second commitment period (2013–2020)^d</i>
Inception to 31 August 2012	4 576	1 717	994 936 460	0
1 September 2012 to 31 August 2013	2 856	1 801	372 001 523	10 787 697
1 September 2013 to 31 August 2014	388	596	63 441 117	41 159 734
1 September 2014 to 31 August 2015	134	497	33 506 110	102 841 311
1 September 2015 to 31 August 2016	78	421	9 279 053	90 288 018
1 September 2016 to 31 August 2017	62	473	4 365 708	141 997 832
1 September 2017 to 31 August 2018	32	334	2 058 843	100 492 438
1 September 2018 to 31 August 2019	18	218	764 618	44 562 898
1 September 2019 to 31 August 2020	38	243	223 383	66 615 946
1 September 2020 to 31 August 2021	36	295	38 664	77 675 949
1 September 2021 to 31 August 2022	0	422	937 935	136 027 782
1 September 2022 to 31 August 2023	0	367	3 635 967	119 257 882
Total	8 218	3 694	1 485 189 381	931 707 487

^a Number registered per reporting period determined on the basis of the dates of registration and includes provisional cases.

^b Includes registered and deregistered project activities and PoAs. A total of 2,818 CPAs were included in 353 PoAs by the end of this reporting period, of which 32 CPAs were included in this reporting period and 58 CPAs were included in the previous reporting period.

^c CDM activities for which issuance was completed in the reporting period. An activity may be issued with CERs in more than one period. The total of 3,694 reflects all activities with CERs issued as at the end of the latest reporting period.

^d Includes tCERs and ICERs.

8. During the reporting period, 32 provisional cases were submitted in the temporary measures period, including 24 project activities and eight PoAs.

9. The number of CERs issued during the period was 122,893,849.

B. Functioning of the clean development mechanism beyond the end of the second commitment period of the Kyoto Protocol

10. In response to a mandate from CMP 17,⁴ the Board considered the concept note “Feasibility for allowing submissions of requests relating to afforestation and reforestation activities under the temporary measures” and agreed that it was not technically feasible to allow submissions of requests for registration, issuance and renewal of afforestation and reforestation activities under the temporary measures.

11. The Board agreed to consider the development of a procedure for project participants and Parties holding eligible CERs in the CDM registry to request the transfer of eligible CERs to the registry for the Article 6.4 mechanism in 2024. The Board will report on the implementation of this procedure for requesting the transfer of eligible CERs to the registry for the Article 6.4 mechanism in its annual report to the CMP.

12. EB 118 and 119 considered the concept note “Issues related to the CDM transition to the Article 6.4 mechanism”. The Board ceased receiving requests under the temporary

⁴ Decision 2/CMP.17, para. 7.

measures as at 30 June 2023,⁵ when the process for the submission of requests for transition of CDM activities to the Article 6.4 mechanism became operational. Furthermore, the Board revised the clarification on the temporary measures and issued amendments to the relevant CDM regulatory documents to reflect guidance relating to the functioning of the CDM beyond the end of the second commitment period of the Kyoto Protocol⁶ and the standard and procedure for transition of CDM activities to the Article 6.4 mechanism adopted by the Supervisory Body for the Article 6.4 mechanism.

13. As at 31 August 2023, 88 transition requests (72 project activities and 16 PoAs) had been submitted to the secretariat.

III. Work in the reporting period

14. This chapter describes the work of the Board during the reporting period.⁷

A. Rulings

1. Accreditation

15. The accreditation of two DOEs expired and two applicant entities were accredited. The number of DOEs accredited for validation and verification of projects and certification of emission reductions as at 31 August 2023 therefore remained unchanged, at 28, from the previous reporting period. Four entities applied for accreditation and are awaiting the outcome. The Board reaccruited three DOEs. The Board recommends the entities listed in the annex for designation as operational entities at CMP 18 for the sectoral scopes indicated. The Board reaccruited two DOEs and extended the reaccruited for three DOEs. Furthermore, three DOEs successfully completed the regular surveillance assessment, and four DOEs successfully completed the performance assessment.

16. EB 117 considered the concept note “Inactive DOEs” and agreed to continue to publish a list of inactive DOEs on the CDM web pages.

2. Registration of project activities and programmes of activities and issuance of certified emission reductions

17. From 1 September 2022 to 31 August 2023, 122,893,849 CERs were issued. A total of 61,807 ICERs, and no tCERs, were issued during the reporting period. The number of CERs issued as at 31 August 2023 was thus 2,416,896,868, of which 2,396,079,331 CERs, 19,898,977 tCERs and 918,560 ICERs.

18. Of the total CERs, excluding tCERs and ICERs, issued as at 31 August 2023, 1,472,279,111 were for the first commitment period and 923,800,220 for the second. Of the total tCERs issued, 12,405,185 were for the first commitment period and 7,493,792 for the second. Of the total ICERs issued, 505,085 were for the first commitment period and 413,475 for the second.

19. Table 2 shows the numbers of registration- and issuance-related requests submitted and finalized between 1 September 2021 and 31 August 2023. The figure below shows the percentage distribution of registered project activities, PoAs and CPAs by UNFCCC region as at 31 August 2023.

⁵ In response to decision 2/CMP.17, para. 5.

⁶ Decision 2/CMP.16, para. 6.

⁷ See also the meeting reports of the CDM Executive Board, available at <https://cdm.unfccc.int/EB/index.html>.

Table 2
Number of requests submitted under the clean development mechanism between 1 September 2021 and 31 August 2023

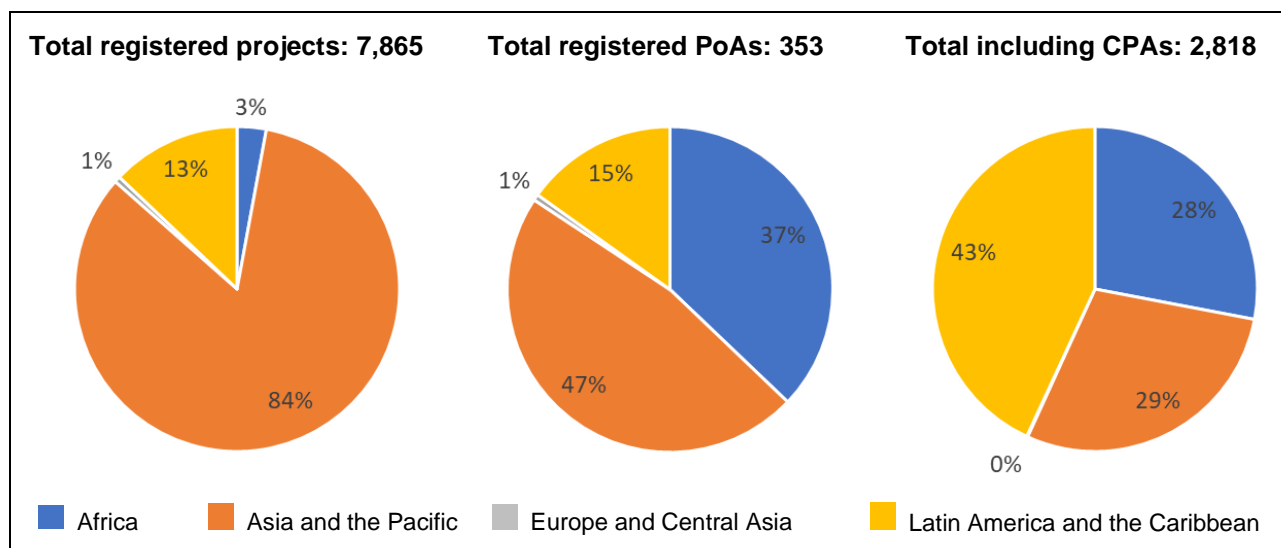
<i>Request</i>	<i>Number submitted^a</i>	<i>Number finalized^b</i>	<i>Number with provisional status^c</i>
Project activity: registration	7	9	9
PoA: registration	6	2	2
Project activity: issuance	416	445	41
PoA: issuance	55	74	1
Project activity: renewal of crediting period	55	79	36
PoA: renewal of PoA period	4	9	4
PoA: renewal of CPA crediting period	32	32	13
Post-registration changes	88	54	Not applicable
Inclusion of CPAs	75	75	75

^a Comprises submissions and resubmissions after incompleteness.

^b Comprises registered, withdrawn and rejected requests submitted within the reporting period and requests submitted prior to the reporting period that entered the processing pipeline during the reporting period.

^c Comprises submissions for which the crediting period, PoA period or monitoring period starts on or after 1 January 2021. The analysis of these submissions is completed, and if they meet the conditions for transition, under decision 3/CMA.3, they may transition to the Article 6.4 mechanism.

Percentage distribution of registered clean development mechanism project activities, programmes of activities and component project activities by UNFCCC region, as at 31 August 2023



20. As at 31 August 2023, CERs had been issued for 3,596 project activities and 98 PoAs; and of the total CERs issued, 68,439,129 had been issued for PoAs.

21. The waiting time for the commencement of assessments for project registration and CER issuance did not exceed 15 days for 39 weeks of the reporting period, as mandated by the Board and the CMP. For 13 weeks of the reporting period in September, October and November 2022 and January, February, March, May, July and August 2023, it was more than 15 days owing to both a sharp increase in the number of submissions and operational exigencies.

22. Details on CER transactions, including forwarding and voluntary and administrative cancellation, are provided in table 3.

Table 3
Completed transactions in the clean development mechanism registry

<i>Transaction type</i>	<i>As at 31 August 2023</i>		<i>1 September 2022 to 31 August 2023</i>	
	<i>Total transactions</i>	<i>Total units</i>	<i>Total transactions</i>	<i>Total units</i>
Issuance	12 513	2 416 896 868	486	122 893 849
Share of proceeds to Adaptation Fund account	12 107	46 832 815	468	2 343 495
Internal and external forwarding	20 011	2 005 140 932	318	94 321 811
Transactions from Adaptation Fund account to registry of Party included in Annex I	417	34 389 983	15	1 325 507
Voluntary cancellation ^a	26 333	163 497 417	4 697	31 644 636
Administrative cancellation	6	1 035 475	0	0
Mandatory cancellation	2	489 229	0	0

^a Initiated directly through the secretariat or through the online platform for voluntary cancellation of CERs.

23. Throughout the operation of the CDM, the Board received 24 requests related to voluntary deregistration of CDM project activities.

24. Additional data on project activities and PoAs can be found on the CDM web pages.⁸

3. Share of proceeds

25. The share of proceeds for administrative expenses is due to the Trust Fund for the Clean Development Mechanism at registration of CDM activities and issuance of CERs. Since 1 June 2018, it has been collected prior to the commencement of completeness checks for issuance requests. As a result, the total share of proceeds due but not paid from CDM activities has declined since its peak in August 2018. To incentivize payment of the outstanding share of proceeds for requests for issuance submitted before 1 June 2018, the Board introduced, also in 2018, a partial payment option limited to three instalments, and subsequently removed the limit of three instalments in July 2020. In the reporting period, the partial payment option was used for 19 project activities for a total of USD 1.5 million, which brings the total recovered through partial payments since this option was introduced to USD 7.2 million from 75 CDM activities.

B. Regulatory matters

1. Online platform for voluntary cancellation of certified emission reductions

26. In September 2015, the Board launched the online platform for voluntary cancellation of CERs.⁹ The platform allows project participants to offer CERs for voluntary cancellation to the public and issues cancellation certificates to the purchasers. It is available in English, French and Spanish and supports both online and offline payments.

27. EB 117 took note of analysis performed related to the platform and noted that the secretariat will provide updates on this matter, as required, as part of its regular updates on the CDM work programme. The Board will continue to operate the platform ensuring prudent use of resources.

28. As at 31 August 2023, 62 projects were offering around 2.4 million CERs on the platform at prices between USD 0.9 and 25 per CER. To date, 100 accounts representing 206 projects and PoAs have completed sales through the platform. The platform has been visited from most countries in the world, of which companies, organizations and individuals from 194 countries have completed cancellations.

⁸ <http://cdm.unfccc.int/Statistics/Public/index.html>.

⁹ <https://offset.climateneutralnow.org/>.

29. Since the platform was upgraded in 2018, the number of CERs cancelled through it has increased significantly, reaching 11.07 million CERs. During this reporting period, the number of CERs cancelled continued to increase, amounting to 3,846,345 cancellations through 3,413 individual orders (see table 4).

Table 4

Certified emission reductions cancelled on the platform, by period

<i>Period</i>	<i>Total transactions</i>	<i>Total CERs</i>
15 September 2015 to 31 August 2016	814	40 049
1 September 2016 to 31 August 2017	713	105 376
1 September 2017 to 31 August 2018	1 025	194 968
1 September 2018 to 31 August 2019	4 680	622 176
1 September 2019 to 31 August 2020	3 972	1 077 254
1 September 2020 to 31 August 2021	3 101	1 659 998
1 September 2021 to 31 August 2022	2 893	3 525 245
1 September 2022 to 31 August 2023	3 374	3 846 345

2. Promoting voluntary cancellation of certified emission reductions

30. EB 116 considered proposed promotional activities for the United Nations online platform for voluntary cancellation of CERs and agreed to continue promotional efforts via a pay-per-click campaign only. The latter ran from January to May 2023.

31. The secretariat has supported the United Nations system in becoming carbon neutral by reducing emissions and compensating with CERs and has collaborated with UNEP to encourage other international organizations to take similar action. Approximately 96 per cent of all the United Nations system's emissions in 2018 were compensated with CERs, increasing to 97 per cent of all emissions in 2019, and 99 per cent in 2020.

3. Accreditation system

32. The second iteration of the DOE performance monitoring report covering the eighteenth monitoring period (1 September to 31 December 2021) and the first and second iterations of the report covering the nineteenth monitoring period (1 January to 30 April 2022) were published in accordance with the procedure "Performance monitoring of designated operational entities" (version 04.0). The first and second iterations of the reports covering the twentieth (1 May to 31 August 2022) and twenty-first (1 September to 31 December 2022) monitoring periods were published in accordance with version 05.0 of that procedure.

33. The 60th DOE conference call with the DOE/AIE Coordination Forum was held on 30 September 2022 to discuss the outcomes of Board meetings and provide clarification on decisions taken by the Board, including exemptions from mandatory on-site visits by DOEs and DOE performance monitoring.

34. A DOE calibration workshop was held in New Delhi from 18 to 19 October 2022, with another scheduled to take place in the fourth quarter of 2023, to strengthen the capacity of DOEs and provide opportunities to share experience of validation and verification under the new CDM regulations approved by the Board.

35. A calibration workshop for the CDM accreditation roster of experts for lead assessors was held in Bonn from 20 to 21 September 2022 in conjunction with the 93rd meeting of the CDM Accreditation Panel, with another such workshop scheduled to take place in conjunction with the 96th meeting of the CDM Accreditation Panel, to update lead assessors on the latest CDM regulations.

36. The Board adopted, with immediate effect, the amendments to version 16.0 of the "CDM accreditation procedure" to bring the daily rates to be paid to CDM assessment team members in line with those paid to members of the panels and working groups of the Board and of the CDM rosters of experts.

4. Methodological standards

37. The Board adopted the methodology “AMS-III.BQ.: Hydrogen fuel cell vehicles” for project activities aimed at introducing hydrogen fuel cell vehicles, replacing the baseline fleet vehicles operated using fossil fuels or electricity with equivalent capacity.

38. The Board approved major revisions to the following methodologies:

(a) “AMS-III.R.: Methane recovery from livestock and manure management at households and small farms”, which was revised to clarify the monitoring requirements for biogas digester systems, cover fugitive methane emissions from biogas digesters and the use of updated Intergovernmental Panel on Climate Change methodologies and amend the title (previously “Methane recovery in agricultural activities at household/small farm level”);

(b) “ACM0002: Grid-connected electricity generation from renewable sources”, which was revised to expand the scope of the methodology presented therein to cover battery energy storage systems.

39. The Board approved a revision to “TOOL27: Investment analysis”, which updates the default values for cost of equity for countries with available data and includes editorial and structural improvements.

40. The Board rejected the request for the proposed revision “REV_TOOL_0005: Inclusion of harmonized IFI default grid emission factors” regarding “TOOL07: Tool to calculate the emission factor for an electricity system”. It requested the CDM Methodologies Panel to prepare an information note, for its consideration at a future meeting, containing a brief analysis of possible factors that may result in differences in values of operating and in build margin emission factors when applying TOOL07 compared with the approach used by the technical working group of international financial institutions that recommends options to revise TOOL07 to ensure that grid emission factors determined through its use are conservative and broadly applicable. However, the Board does not envisage any significant changes to TOOL07.

41. The Board requested the CDM Methodologies Panel to review and, if needed, revise the methodologies listed below to clarify eligible energy-efficient lighting technologies. In addition, the Board requested the Methodologies Panel to assess the eligibility of different compact fluorescent lamp technologies as project technologies (e.g. considering the additionality aspects and environmental impacts of disposal) and propose limitations where deemed necessary:

(a) “AM0046: Distribution of efficient light bulbs to households”;

(b) “AM0113: Distribution of compact fluorescent lamps (CFL) and light-emitting diode (LED) lamps to households”;

(c) “AMS-II.C.: Demand-side energy efficiency activities for specific technologies”;

(d) “AMS-II.J.: Demand-side activities for efficient lighting technologies”;

(e) “AMS-III.AR.: Substituting fossil fuel-based lighting with LED/CFL lighting systems”.

42. The Board considered information on the development of accurate and reliable region-specific default values for fraction of non-renewable biomass that can be applied in methodologies related to clean cooking and requested the CDM Methodologies Panel to build on scientific studies and engage external experts at the subnational and regional level. The Board highlighted that such default values should be consistent with the methods contained in “TOOL30: Calculation of the fraction of non-renewable biomass”. In this regard, it requested the Panel to prepare a concept note on the basis of its work undertaken for consideration at a future Board meeting. It also requested the Panel to propose a revision to TOOL30 and/or related methodologies or tools if there is a need to further clarify and/or revise elements of TOOL30 or related methodologies or tools, in the light of the work undertaken on default values.

43. The Board requested the CDM Methodologies Panel to analyse and consider possible revisions to the following methodologies and tool (e.g. addressing fugitive methane emissions from biogas digesters and using updated Intergovernmental Panel on Climate Change methods) based on the recommendation of the Methodologies Panel:

- (a) “AMS-III.R.: Methane recovery in agricultural activities at household/small farm level”;
- (b) “AMS-III.D.: Methane recovery in animal manure management systems”;
- (c) “AMS-I.I.: Biogas/biomass thermal applications for households/small users”;
- (d) “TOOL14: Project and leakage emissions from anaerobic digesters”.

44. The Board requested the CDM Methodologies Panel to review and, if needed, revise the methodology “AMS-III.AU: Methane emission reduction by adjusted water management practice in rice cultivation” to identify and incorporate improvements based on published literature.

45. The Board considered an update of the work related to the editorial quality, clarity and consistency of draft methodologies, methodological tools and other methodological standards and welcomed the progress in this regard. It requested the secretariat to further enhance its measures for editorial improvement of all methodological products, in particular by engaging technical editors and incorporating quality control processes when reviewing the methodological products.

5. Standardized baselines

46. The Board adopted the revised procedure “Development, revision, clarification and update of standardized baselines”, which covers modalities for funding support available to DNAs for the preparation of assessment reports by a DOE as specified in appendix 1 of the revised procedure. The Board agreed to a budget of USD 200,000 for a 12-month period.

6. Sustainable development tool

47. In 2014, the secretariat launched the sustainable development tool, an online web interface where project participants can, on a voluntary basis, systematically report the sustainable development co-benefits of their CDM project activities and PoAs. An improved version of the sustainable development tool was released in 2018.¹⁰

48. As at 31 August 2023, 76 sustainable development description reports had been voluntarily published by CDM project participants via the online interface, none of which were published in the reporting period.

7. Direct communication with stakeholders

49. The 2022 report on stakeholder communication with the Board and the secretariat was published.¹¹ Many stakeholder concerns were addressed through regulatory improvements, references to existing rules and requirements and case-by-case consideration of requests.

C. Financing and use of the clean development mechanism by international finance institutions and options for using the clean development mechanism as a tool for other uses

50. The Board took note of progress in the financing and use of the CDM by international finance institutions and requested the secretariat to inform it of any necessary updates and adjust the related costs or resources accordingly.

¹⁰ Available at <https://www4.unfccc.int/sites/sdcmicrosite/Pages/SD-Tool.aspx>.

¹¹ Available at <https://cdm.unfccc.int/EB/report/>.

D. Improving regional distribution of project activities under the clean development mechanism

1. Supporting designated national authorities

51. Through the secretariat, the Board continued to provide support to DNAs, including by:

- (a) Delivering, together with RCCs and their partners, a series of webinars for DNAs on matters related to the transition of eligible CDM activities to the Article 6.4 mechanism;¹²
- (b) Engaging with DNAs and facilitating their interaction with the Article 6.4 mechanism DNAs at the Africa regional DNA Forum, held in Nairobi from 4 to 8 September 2023;¹³
- (c) Engaging with the co-chairs of the DNA Forum at EB 116 and the regional climate weeks;
- (d) Updating DNA contact details on the CDM web pages¹⁴ as requested by the DNAs.

2. Nairobi Framework Partnership

52. In the context of the NFP,¹⁵ the secretariat coordinates activities of the core and regional partners and supporting organizations.¹⁶ Most of the engagements organized under the NFP are within the scope of the regional climate weeks.

53. Africa Climate Week 2023, held from 4 to 8 September, was hosted by the Government of Kenya.¹⁷

54. The Board wishes to express its gratitude to the Government of Kenya for hosting the regional climate weeks in 2023, and to NFP partners and cooperating organizations for their continued work in the area of carbon markets and mechanisms, including the CDM.

3. Regional collaboration centres

55. The RCCs¹⁸ work in collaboration with local and regional agencies, multilateral development banks and the RCC host partners¹⁹ to improve the regional distribution of CDM projects. This work includes:

- (a) Providing direct assistance for existing project activities;
- (b) Supporting developing countries in relation to CDM methodologies and standardized baselines;
- (c) Using the CDM sustainable development tool;
- (d) Promoting use of the CDM and CERs as part of development and climate strategies;
- (e) Financing and use of the CDM by international finance institutions;

¹² Available at <https://unfccc.int/about-us/regional-collaboration-centres/2023-webinar-series-on-article-6-of-the-paris-agreement>.

¹³ See <https://unfccc.int/ACW2023>.

¹⁴ <https://cdm.unfccc.int/DNA/bak/index.html>.

¹⁵ See <https://nfppartnership.org/>.

¹⁶ Core partners: UNDP, UNEP, UNFCCC and World Bank Group. Regional partners: African Development Bank, African Union, Asian Development Bank, Development Bank of Latin America, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Economic Commission for Latin America and the Caribbean, Institute for Global Environmental Strategies, Inter-American Development Bank and United Nations Economic Commission for Africa. Supporting organizations: Marrakech Partnership for Global Climate Action, International Emissions Trading Association, International Renewable Energy Agency, Latin American Energy Organization and UNEP Copenhagen Climate Centre, among others.

¹⁷ See <https://unfccc.int/ACW2023>.

¹⁸ See <https://unfccc.int/about-us/regional-collaboration-centres>.

¹⁹ West African Development Bank, Lomé; East African Development Bank, Kampala; Windward Islands Research and Education Foundation, St. George's; UNEP, Panama City; and Institute for Global Environmental Strategies, Bangkok.

- (f) Supporting the transition of eligible CDM activities to the Article 6.4 mechanism.

56. As at 31 August 2023, the RCCs had directly supported more than 1,742 CDM project activities and PoAs in developing countries, of which 259 projects and PoAs had moved forward one or more steps through the CDM project cycle and 128 additional projects had entered the CDM pipeline; and supported the development of 346 standardized baselines, of which 57 had been approved by the Board. In addition, the RCCs responded to 18 queries from stakeholders requesting clarification of CDM requirements (6 from East and Southern Africa, 6 from West and Central Africa, 5 from Latin America and 1 from South Asia).

57. The 2022 report of the RCCs is available on the UNFCCC website.²⁰ Another report of the RCCs, documenting their CDM-related activities from January to December 2022, is available on the CDM web pages.²¹

E. Communication and outreach

58. Communication and outreach under the CDM focused on:

(a) Conveying the usefulness and benefits of, and lessons learned in relation to, the CDM in the broader context of using markets and mechanisms;

(b) Increasing use of CERs for voluntary offsetting (see chap. III.B.3 above).

59. Activities undertaken to nurture demand for the CDM and voluntary cancellation of CERs include disseminating five news items via UNFCCC communication channels, including the CDM In Focus web page and newsletters.

60. Other activities include continuing the search engine marketing campaign aimed at raising awareness of and driving traffic to the online platform for the voluntary cancellation of CERs.

IV. Governance and management matters

61. The Board and its panels met regularly during the reporting period. In addition, the secretariat organized meetings of the DNA Forum and the DOE/AIE Coordination Forum as well as workshops with stakeholders.

62. The CDM Accreditation Panel and Methodologies Panel each met three times.²² The Afforestation and Reforestation Working Group and the Carbon Dioxide Capture and Storage Working Group did not meet, but the terms of office of their members were extended to 30 June 2024.

63. EB 118 appointed the following members to the CDM Accreditation Panel and Methodologies Panel and Registration and Issuance Team:

(a) Five experts to the Accreditation Panel, each with a term of office from 1 July 2023 to 30 June 2025;

(b) Ten experts to the CDM Methodologies Panel, each with a term of office from 1 August 2023 to 31 July 2025;

(c) Twenty-two experts to the Registration and Issuance Team, each with a term of office from 1 July 2023 to 30 June 2025.

64. The Board adopted the revised procedures “Terms of reference of the support structure of the CDM Executive Board” and “Selection and performance evaluation of members of panels and working groups under the CDM Executive Board”, reflecting the decision of the Board to reduce the number of members on the CDM Methodologies Panel to 10.

²⁰ <https://unfccc.int/RCCs-annual-report-2022>.

²¹ <https://cdm.unfccc.int/EB/report/>.

²² See <https://cdm.unfccc.int/Panels/index.html>.

65. The Board took note of administrative matters relating to the work of its panels, working groups and experts from its rosters, including their updated daily rates.

A. Membership of the Executive Board

66. At CMP 17, new members and alternate members of the Board were elected to fill vacancies arising from the expiration of their tenure. In 2023, the Board comprised the members and alternate members listed in table 5.

Table 5

Members and alternate members of the Executive Board of the clean development mechanism in 2023

<i>Member</i>	<i>Alternate member</i>	<i>Nominated by</i>
Amjad Abdulla ^a	Omar Alcock ^a	Small island developing States
Julio Moises Alvarez ^a	Syed Mujtaba Hussain ^a	Parties not included in Annex I
El Hadji Mbaye Diagne ^b	Rachid Tahiri ^b	African States
Piotr Dombrowicki ^{b, c}	Anna Romanovskaya ^{a, c}	Parties included in Annex I
Stella Gama ^a	Sonam Tashi ^a	Asia-Pacific States
Diana Harutyunyan ^{a, c}	Nataliya Kushko ^{a, c}	Eastern European States
Lambert Schneider ^b	Kiyoshi Komatsu ^b	Parties included in Annex I
Spencer Linus Thomas ^b	José Domingos Miguez ^b	Latin American and Caribbean States
Sirous Vatankhah ^b	Hyun Jung Park ^b	Asia-Pacific States
Frank Wolke ^b	Olivier Kassi ^b	Western European and other States

^a Two-year term, ending prior to the first meeting of the Board in 2025.

^b Two-year term, ending prior to the first meeting of the Board in 2024.

^c Nomination pending from CMP 17. Where applicable, the current member or alternate member will remain in office until the successor is nominated by the Group/Constituency.

1. Election of the Chair and the Vice-Chair of the Board

67. At EB 117, Lambert Schneider, from a Party included in Annex I, was elected as Chair, and Spencer Linus Thomas, from the Latin American and Caribbean States, as Vice-Chair of the Board. Their tenures will end just before the first meeting of the Board in 2024.²³

68. The Board expressed its appreciation to the outgoing Chair, Omar Alcock, and Vice-Chair, Frank Wolke, for their excellent leadership of the Board in 2022.

2. Meetings of the Executive Board

69. The Board held four meetings (see table 6). The annotated agendas for the Board meetings, documentation supporting agenda items and reports containing all agreements adopted by the Board are available on the CDM web pages.²⁴

Table 6

Meetings of the Executive Board of the clean development mechanism between 9 September 2022 and 27 September 2023

<i>Meeting^a</i>	<i>Date</i>	<i>Venue</i>
EB 116	31 October to 3 November 2022	Sharm el-Sheikh, Egypt, in conjunction with CMP 17
EB 117	22–24 March 2023	Bonn
EB 118	30 May to 1 June 2023	Bonn, in conjunction with the fifty-eighth sessions of the subsidiary bodies

²³ In accordance with rule 12 of the rules of procedure of the Board.

²⁴ <http://cdm.unfccc.int/EB/index.html>.

<i>Meeting^a</i>	<i>Date</i>	<i>Venue</i>
EB 119	25–27 September 2023	Bonn

^a EB 120 will be held from 26 to 28 November 2023 in Dubai, United Arab Emirates, in conjunction with CMP 18.

3. Interaction with forums and stakeholders

70. The Board and its support structure continued their work with CDM stakeholders, including with DNAs through the DNA Forum and interaction with the DNA Forum co-chairs at EB 116 and with DOEs through interaction with the Chair of the DOE/AIE Coordination Forum at EB 116, 117 and 118.

71. Stakeholders were given the opportunity to express their views on the development and implementation of the CDM rules and to seek clarification on those rules through communication with the secretariat and the Board.

72. Stakeholders had the opportunity to comment on the draft annotated agenda for each Board meeting and to respond to calls for input on policy issues that have an impact on stakeholders before decision-making by the Board. The Board made itself available to registered observers at its meetings.

73. The Board held a side event entitled “Potential of CDM experience in rolling out Article 6.4 mechanism” on the margins of the twenty-seventh session of the Conference of the Parties.²⁵

74. The 60th DOE conference call was held on 30 September 2022 with members of the DOE/AIE Coordination Forum to discuss the outcomes of Board meetings and provide clarification on decisions taken by the Board, and members of the CDM Accreditation Panel participated as observers. A DOE calibration workshop was held in New Delhi from 18 to 19 October 2022 with the aim of promoting a deeper understanding and providing opportunities for DOEs to share experience of validation and verification under the new CDM regulations approved by the Board.

4. Financial status of the clean development mechanism

75. The Board continues to ensure its ability to fulfil commitments in the future by prudently managing income received and the accumulated reserve.²⁶

76. EB 113 approved the CDM-MAP for 2022–2023²⁷ and the related budgets for 2023, amounting to USD 14.0 million, which represents a decrease of USD 1.3 million (or 8.5 per cent) as compared with the 2022 approved budget of USD 15.3 million.

77. A projected income of USD 9 million for 2023 was included in the CDM-MAP for 2022–2023. Table 7 provides a comparison between 2022 and 2023 of the CDM status of income in the eight-month period January–August: in 2023 the fees received amounted to USD 7.1 million; in 2022 they amounted to USD 18.5 million. The fees received in 2023 represent 78.6 per cent of the projected income for 2023 of USD 9.0 million and are lower than the expenditures indicated in table 8.

Table 7

Comparison of the clean development mechanism status of income for the eight-month period January–August in 2022 and 2023

(United States dollars)

<i>Item</i>	<i>2022^a</i>	<i>2023^a</i>
Carry-over from previous year (A)	43 003 477	37 131 025
Fee income		
Registration fees ^b	–	–
Share of proceeds ^c	18 423 398	6 966 242

²⁵ See <https://seors.unfccc.int/seors/reports/archive.html>.

²⁶ In accordance with decisions 4/CMP.10, 6/CMP.11, 3/CMP.12 and 4/CMP.14.

²⁷ CDM document CDM-EB112-A01-INFO (version 02.0).

<i>Item</i>	2022 ^a	2023 ^a
Accreditation fees	37 475	37 480
Accreditation process related fees	56 881	71 692
Subtotal (B)	18 517 754	7 075 413
Total (A + B)	61 521 231	44 206 438

^a Excludes USD 45 million held in reserve.

^b Based on the average annual issuance of CERs over the first crediting period, calculated as a share of proceeds to cover administrative expenses, as defined in decision 7/CMP.1, para. 37. Projects with annual average emission reductions of less than 15,000 tonnes of carbon dioxide equivalent are exempt from the registration fee and the maximum fee applicable is USD 350,000. This fee is considered to be a pre-payment of the share of proceeds to cover administrative expenses.

^c Payable at issuance of CERs: USD 0.10/CER issued for the first 15,000 CERs for which issuance is requested in a given calendar year, and USD 0.20/CER issued for amounts in excess of 15,000 CERs.

78. Table 8 presents a comparison between 2022 and 2023 of the CDM budget and status of expenditure. Expenditure in the eight-month period January–August in 2023 amounted to USD 8.6 million; in 2022 it amounted to USD 8.5 million. The rate of expenditure in 2023 is lower than the expected linear rate of 66.7 per cent for the period and is projected to more closely align with the linear rate as the year progresses.

Table 8

Comparison between 2022 and 2023 of the clean development mechanism budget and status of expenditure

	2022	2023
Budget (12 months) (USD)	15 316 362	14 008 154
Expenditure (first eight months) (USD)	8 545 305	8 629 076
Expenditure as a percentage of budget (%)	55.8	61.6

5. Recommendations for the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

79. The Board recommends that the CMP:

(a) Note the work undertaken by the Board during the reporting period, including in response to the requests of CMP 17;

(b) Designate the operational entities that have been accredited and provisionally designated by the Board (see the annex).

Annex**Entities accredited and provisionally designated by the Executive Board of the clean development mechanism**

[English only]

<i>Name of entity</i>	<i>Sectoral scopes (validation and verification)</i>
Bureau Veritas India Pvt. Ltd. (BVI) ^a	1–5, 7–10, 12–15
CEPREI certification body (CEPREI) ^a	1–5, 8–10, 13, 15
China Quality Certification Center (CQC) ^a	1–15
CTI Certification Co., Ltd. (CTI Certification) ^a	1–15
GHD Limited (GHD) ^b	1, 4–5, 8–10, 12–13
Korea Energy Agency (KEA) ^b	1, 3, 4–5, 7, 9, 11–15
Limited Liability Company Small Innovative Enterprise "NES Profexpert" (NES) ^a	1, 3–5, 10, 14
PONY Testing International Group Co., Ltd. (Pony Test) ^a	1–15
TÜV SÜD South Asia Private Limited (TÜV SÜD) ^a	1, 3–5, 7, 10, 13–15

^a Accreditation granted for five years.^b Voluntary withdrawal of accreditation in its entirety.