

## REPORT OF THE SEVENTH MEETING OF THE EXECUTIVE BOARD

## Annex 2

# Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (CDM)

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## A. Introduction

1. In accordance with the modalities and procedures for a clean development mechanism<sup>1</sup> (CDM M&P)<sup>2</sup>, the Executive Board (EB) of the clean development mechanism (CDM) shall accredit operational entities which meet the CDM accreditation requirements and recommend the designation of such entities to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP)<sup>3</sup>.
2. This document (hereinafter referred to as “CDM accreditation procedure”) contains the procedure to operationalize the accreditation of operational entities by the EB which has been elaborated in accordance with paragraph 5 (f) (ii) of the CDM M&P and taking into consideration paragraphs 18 and 25 of the CDM M&P. The EB may revise this CDM accreditation procedure in the future. The EB shall inform any applicant entity (AE) and any designated operational entity (DOE) of any such revisions. Any revision shall be immediately made public on the UNFCCC CDM website. A revised CDM accreditation procedure supersedes any previous version of this document as of the date indicated on the document. A revision to a step in the procedure shall not be applied retroactively if an AE started to undergo this step of the procedure before the relevant revision took effect.
3. Figure 1 provides the scheme for the CDM accreditation procedure. The responsibility of each actor in this scheme, as elaborated in section C. below, is as follows:
  - 3.1. The **COP/MOP** designates operational entities based on a recommendation by the EB.
  - 3.2. The **EB** takes the decision whether or not to accredit an AE<sup>4</sup> and recommend it to the COP/MOP for designation.<sup>5</sup>
  - 3.3. The **CDM accreditation panel (CDM-AP)** is responsible for preparing a recommendation to the EB regarding the accreditation of an AE based on assessment work conducted by a CDM assessment team (CDM-AT). The CDM-AP is also responsible for preparing recommendations regarding unscheduled surveillance, re-accreditation and accreditation for additional sectoral scope(s). The CDM-AP provides guidance to and approves the work plan of each CDM-AT.
  - 3.4. A **CDM assessment team**, under the guidance of the CDM-AP, undertakes the detailed assessment of an AE and/or DOE, identifies non-conformities and reports to the CDM-AP. A CDM-AT shall be established by the CDM-AP which draws members from a roster of experts established by the EB for this purpose.
  - 3.5. The **secretariat** supports the implementation of the CDM accreditation procedure.

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<sup>1</sup> See Annex D.5. for abbreviations used in this document.

<sup>2</sup> See decision 17/CP.7 contained in the report of the seventh session of the Conference of the Parties (FCCC/CP/2002/13/Add.2 available on the UNFCCC CDM (<http://unfccc.int/cdm>) or UNFCCC (<http://unfccc.int>) web site).

<sup>3</sup> In accordance with paragraph 2 of decision 17/CP.7, the Conference of the Parties shall assume the responsibilities of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as set out in the CDM M&P.

<sup>4</sup> The terms used in this document are: “Entity” = prior to application; “applicant entity (AE)”= once application has been duly submitted/subject to a procedure contained in this document; “designated operational entity (DOE)”= after designation by COP/MOP; bearing in mind footnote 3 to paragraph 1 above.

<sup>5</sup> In accordance with decision 21/CP.8, the Executive Board is authorized to accredit operational entities and designate them, on a provisional basis, pending the designation by the Conference of the Parties at its next session. Accreditation by the Board implies, therefore, provisional designation.

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4. The assessment of an AE consists of three main elements:
  - 4.1. **Desk review** by a CDM-AT of the documentation submitted by an AE against the CDM accreditation requirements;
  - 4.2. **On-site assessment** on the premises of the AE by a CDM-AT. The purpose of this assessment is to confirm whether the operational capability of the AE meets the requirements provided in the documentation provided by the AE. The assessment is to provide the assurance that the AE has the potential to perform the tasks related to the “sectoral scope(s)” of accreditation for which it has applied. Only those premises of an AE where the on-site assessment took place shall receive the accreditation/designation as an operational entity. Any other part of that entity is not accredited/designated.
  - 4.3. **Witnessing** by the CDM-AT of the performance of tasks by an applicant entity<sup>6</sup> which relate to the scope of accreditation for which it has applied (for more information on scope of accreditation see section B). Qualified members of the CDM-AT shall carry out this witnessing function. The CDM-AP shall decide whether more than one witnessing per scope of accreditation is required. Witnessing activities at the stage of validation, and, if appropriate, verification and certification, may be undertaken by considering documentary evidence (e.g. a “procedural report”) provided by an AE on how validation or verification and certification has been performed. The CDM-AP shall try to time witnessing activities in a manner which minimizes costs for an AE (e.g. grouping of such activities for the AE, implementation in conjunction with the on-site assessment of the AE). Validation and/or verification and certification activities, witnessed during the accreditation procedure, are considered valid if the applicant entity is successfully accredited by the EB.
5. In accordance with paragraph 20 (e) of the CDM M&P, the EB shall conduct a “spot-check” at any time with a view to assessing whether a DOE still meets the accreditation requirements. A “**spot-check**” is an unscheduled assessment activity of a DOE involving the CDM-AP and CDM-AT on the basis of which the CDM-AP shall prepare a recommendation to the EB. The EB shall take a final decision on the status of accreditation of a DOE which has undergone a “spot-check”(for more information see section C.2.).

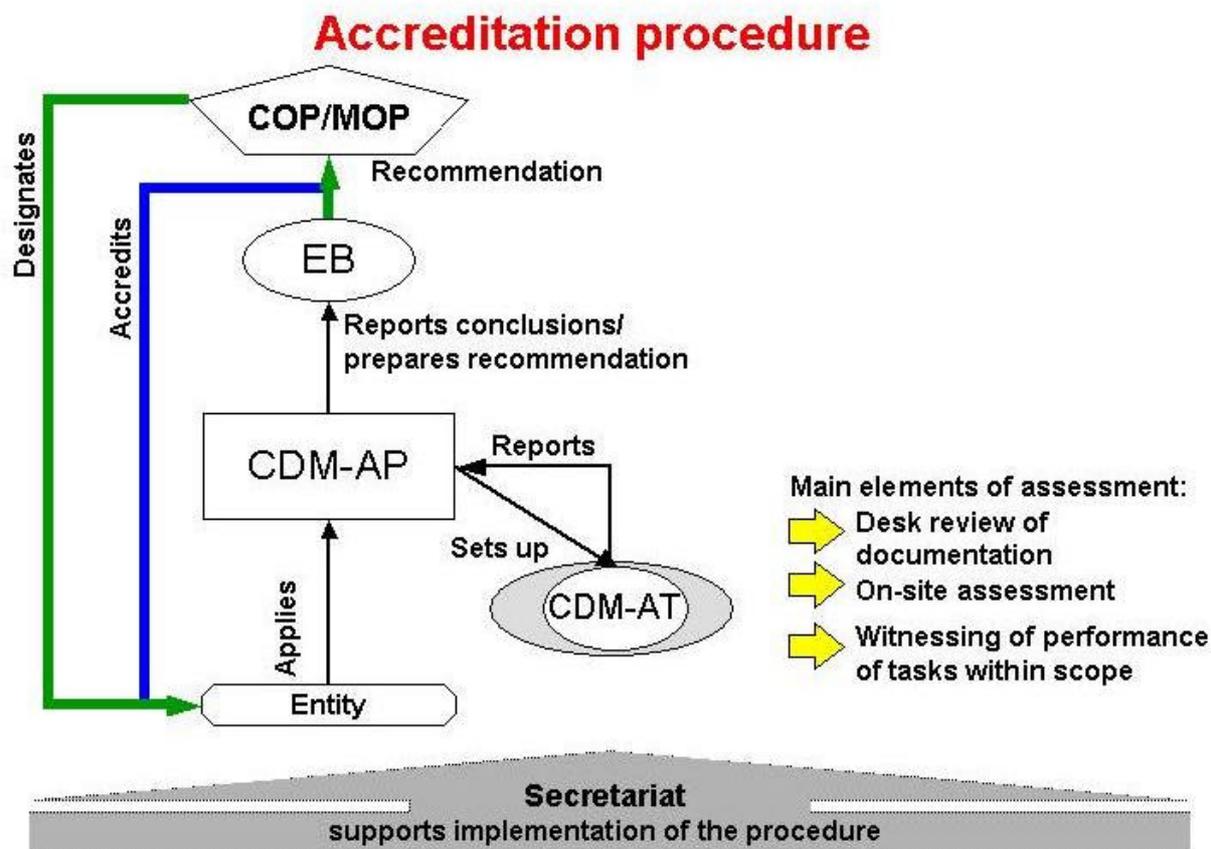
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<sup>6</sup> The tasks witnessed shall be carried out on either proposed and/or registered CDM project activities, as applicable.

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Figure 1



## B. Scope of accreditation

### B.1. Definition of scope of accreditation

6. The scope of accreditation of a designated operational entity is defined by the EB to be composed of sectoral scope(s) of accreditation. A sectoral scope(s) of accreditation sets the limits for work which a DOE may perform under the CDM with regard to validation as well as verification and certification related to identified sector(s) (referred to hereinafter as “sectoral scope(s)”<sup>7</sup>) and determines the requirements it shall meet in addition to those determined in Appendix A to the CDM M&P. The accreditation of an operational entity may be undertaken in phases. If this is the case, the EB may decide to accredit the AE initially only for validation for the sectoral scope(s) which the AE applied for. In such cases, the AE shall, however, have provided proof of its potential to perform verification and certification through the document review and on-site assessment. The full accreditation shall only be granted to an AE once verification and certification activities have been successfully witnessed in accordance with the work plan related to the AE.
7. An entity may apply to be accredited for at least one “sectoral scope”.
8. A DOE may apply to be accredited for additional “sectoral scope(s)”.

<sup>7</sup> “Sectoral scope(s)” of accreditation are established towards operationalizing the requirements contained in sub-paragraphs 1 (b) and 1 (f) (vi) of appendix A to the CDM M&P and for providing the potential for wider geographical distribution of designated operational entities. The development of “sectoral scopes” is guided by the sector/source categories contained in Annex A of the Kyoto Protocol.

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**B.2. Procedure to develop the list of “sectoral scopes” of accreditation**

9. In accordance with paragraph 5 (f) (ii) of the CDM M&P, the EB establishes a list of “sectoral scope(s)” of accreditation defining, for each “sectoral scope”, the requirements to be met in addition to those determined in Appendix A of the CDM M&P. The list will be available electronically on the UNFCCC CDM web site under the section “designated operational entities”.
10. In addition, an entity applying for accreditation may propose the definition(s) for “sectoral scope(s)” which it applies for.
11. The entity that wishes to propose “sectoral scope(s)” shall submit, together with its application, a brief description of each of the proposed “sectoral scope(s)” including the proposed requirements which an entity shall meet in addition to those determined in Appendix A of the CDM M&P.
12. At the meeting at which the CDM-AP considers the application file (see section C.1.), it shall, prior to considering any other part of the application documentation:
  - 12.1. Consider any “sectoral scope(s)” proposed by the AE;
  - 12.2. Define, taking into account the possibility of revising existing scope(s), new “sectoral scope(s)”, if applicable.
13. If the CDM-AP defines a new “sectoral scope” without modifications to the proposal made by the AE, it proceeds with the CDM accreditation procedure (see section C.1.) by considering the application file. The newly defined “sectoral scope(s)” shall be registered in the list of “sectoral scopes”.
14. If the CDM-AP has modified a “sectoral scope” proposed by the AE, the modified “sectoral scope” shall be registered as a new “sectoral scope” in the list of “sectoral scopes” and the “CDM accreditation procedure” shall apply with the following modifications:
  - 14.1. The CDM-AP shall preliminarily consider the application documentation in accordance with the CDM accreditation procedure and provide a list of the additional requirements and/or documentation to be submitted in function of the new “sectoral scope(s)”.
  - 14.2. The AE shall be informed of:
    - 14.2.a. The new “sectoral scope(s)”;
    - 14.2.b. The additional requirements and/or documentation required, if applicable;
    - 14.2.c. The composition of the CDM-AT.
15. In accordance with the accreditation procedure, the AE shall reply in writing within six (6) working days whether it wishes to proceed with its application for the new “sectoral scope(s)” or withdraw its application.
16. If it wishes to proceed with its application, it shall also inform, within the same deadline, whether it objects or not to the composition of the CDM-AT in accordance with the provisions of the “CDM accreditation procedure”.
17. The secretariat shall publish the name of the AE and the sectoral scope(s) applied for by the AE on the UNFCCC CDM web site. Parties, NGOs accredited with UNFCCC or stakeholders shall have 15 days to provide any comments or information on the AE to the secretariat. The secretariat shall make publicly available the comments received immediately after the end of the 15 days period.
18. The accreditation procedure (see section C.1.) shall be implemented thereafter.

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**C. Accreditation, unscheduled surveillance, re-accreditation and notification of changes****C.1. Accreditation**

19. The accreditation procedure comprises<sup>8</sup> the following main steps:
- 19.1. The application for accreditation by an entity;
  - 19.2. The preliminary consideration of the application file by the CDM-AP;
  - 19.3. The desk review by a CDM-AT of the documentation provided by the AE;
  - 19.4. On-site assessment by the CDM-AT on the premises of the AE;
  - 19.5. A number of witnessing activities<sup>9</sup> by the CDM-AT as requested by the CDM-AP, to assess whether the AE can perform validation and verification/certification tasks<sup>10</sup> as a DOE in the scope of accreditation for which it has applied for;
  - 19.6. The reporting of the CDM-AT to the CDM-AP;
  - 19.7. The recommendation on accreditation by the CDM-AP to the EB;
  - 19.8. The decision by the EB<sup>11</sup> on accreditation and, therefore, recommendation for designation to the COP/MOP.
20. An entity shall submit to the secretariat a duly completed application form (F-CDM-A<sup>12</sup>) and all the documentation specified in the annex "Application documents". Unless otherwise stipulated in the "CDM accreditation procedure", all information, communications and meetings shall be confidential.
21. The secretariat shall start processing an application upon receipt of the non-reimbursable application fee. As the costs of accreditation are to be borne by the AE (see annex "Fees"), the related step in the accreditation procedure shall only be implemented once payments are received. The processing of applications shall be commenced in the order in which the application fees are received.
22. The secretariat shall check the completeness of documents and information submitted. If the documentation is found incomplete, the secretariat shall inform the AE of the missing elements it has identified. The accreditation procedure shall be continued once all documentation is received. The AE has the obligation to inform the CDM-AP in writing of any change pertaining to the information submitted and/or required for accreditation.
23. The secretariat shall publish the name of the AE and the sectoral scope(s) applied for by the AE on the UNFCCC CDM web site. Parties, NGOs accredited with UNFCCC or stakeholders shall have 15 days to provide any comments or information on the AE to the secretariat. The secretariat shall make publicly available the comments received immediately after the end of the 15 days period. If the AE

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<sup>8</sup> The accreditation procedure shall be implemented using, to the extent possible, teleconferencing and electronic communication facilities.

<sup>9</sup> See footnote 6 above.

<sup>10</sup> In accordance with decisions of the Executive Board on the definition of scope of accreditation, an applicant entity shall only be accredited and designated if it qualifies for both validation as well as verification and certification with regard to "sectoral scope(s)" applied for. The Executive Board agreed, however, that a phased approach is possible in accordance with its conclusions at its sixth meeting.

<sup>11</sup> See footnote 5 above.

<sup>12</sup> Requirements implicit in the questions contained in the forms shall be considered as prescriptive and as explicit provisions reflecting the intention of the generic provisions described in Appendix A to the CDM M&P "Standards for the accreditation of operational entities". The list of forms is available in the annex "Forms used in the CDM accreditation process". The application form is available on the UNFCCC CDM web site in the section "Designated operational entities" or can be requested from the secretariat.

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proposes new sectoral scope(s), this information shall be published in accordance with the procedure in section B.2.

24. If the application documents are complete, the secretariat shall prepare an application file for the CDM-AP. The file shall contain:
  - 24.1. All application documents;
  - 24.2. Suggestions with regard to:
    - 24.2.a. A list of possible candidates for the CDM-AT<sup>13</sup> (identifying those qualified as team leaders);
    - 24.2.b. A draft work plan for the CDM-AT.
25. The CDM-AP shall:
  - 25.1. Choose the members of the CDM-AT and identify the CDM-AT team leader. A CDM-AT shall consist of at least three members, among them the team leader. The size of a CDM-AT for a particular application case may be larger depending on the size of the AE, the documentation submitted and the “sectoral scope(s)” of accreditation applied for;
  - 25.2. Review the application documentation preliminarily and, as appropriate, identify particular issues for the assessment;
  - 25.3. Review and revise, as necessary, the draft work plan for the CDM-AT ensuring that it reflects the particular issues for the assessment.
26. The CDM-AP shall inform the AE, through the secretariat, of the composition of the CDM-AT. The AE may object, in writing to the CDM-AP within six (6) working days, to members of the CDM-AT identifying an alleged conflict of interest of the CDM-AT member(s). In case the CDM-AP finds the objection substantiated, it shall identify replacement(s) for the CDM-AT member(s) in question.
27. Each CDM-AT member shall sign the confidentiality and non-disclosure agreement (Form F-CDM-CA).
28. The CDM-AP shall provide the CDM-AT with:
  - 28.1. All information related to the application;
  - 28.2. The conclusions of its preliminary review of the application;
  - 28.3. The reviewed and, if necessary, revised draft work plan for the CDM-AT.
29. The CDM-AT shall, with the assistance of the secretariat:
  - 29.1. Undertake the desk review of the documentation provided by the AE and prepare the desk review report (F-CDM-DR)<sup>14</sup>;
  - 29.2. Inform the AE of any inadequacy of the documentation. All issues of inadequacy shall be resolved before the work plan is reviewed and revised as referred to in sub-paragraph 29.4;
  - 29.3. Identify the need of and, accordingly, the tasks requiring witnessing activities bearing in mind that, in accordance with the “CDM accreditation procedure” costs shall be minimized;

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<sup>13</sup> In order to strengthen local capacities in Parties not included in Annex I, an additional representative of a national accreditation body relevant to the field and/or a national expert may be invited to join the activities of the CDM-AT as an observer, at his/her cost and bound by the same confidentiality and non-disclosure agreement applicable to CDM-AT members. The modalities for implementing this provision will need to be considered by the EB in due course. See UNFCCC CDM web site for more information.

<sup>14</sup> Requirments implicit in the questions contained in the forms shall be considered as prescriptive and as explicit provisions reflecting the intention of the generic provisions described in Appendix A to the CDM M&P “Standards for the accreditation of operational entities”.

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29.4. Review and, if necessary, revise the details of the draft work plan, in particular with regard to the extent and detail of the on-site assessment and each witnessing activity.

30. The CDM-AP shall approve the final work plan of the CDM-AT, in particular with regard to the number of witnessing activities, before the work plan is implemented.
31. After approval by the CDM-AP, the secretariat shall inform the AE of the work plan for the on-site assessment and witnessing.
32. Upon receipt of the work plan, the AE shall identify within six (6) working days, in writing, opportunities for witnessing<sup>15</sup>.
33. The CDM-AT shall decide on whether the identified opportunities for witnessing are appropriate and, if so, it shall identify, with the help of the secretariat, the dates for the on-site assessment and the witnessing. In doing so, it shall bear in mind that the on-site assessment should be combined with a witnessing activity, if applicable.
34. If the AE does not identify any appropriate witnessing opportunity or identifies an insufficient number thereof, the CDM-AT shall inform the AE that it proceeds with the on-site assessment unless the AE requests in writing, within six (6) working days, a delay to identify an appropriate witnessing opportunity that could be combined with the on-site assessment. If the AE does not make such an identification within three (3) months after the request for the delay, it shall indicate whether it wishes the on-site assessment to be undertaken or whether it wishes to withdraw its application.
35. The on-site assessment shall consist of the following steps<sup>16</sup>:
  - 35.1. An opening meeting, chaired by the CDM-AT team leader, between the accreditation team, the AE's management, managers of the units to be involved in the assessment and the person identified by the AE as the official contact person for the CDM-AT. In this meeting, the CDM-AT shall explain its assessment activities;
  - 35.2. An assessment by the CDM-AT of the operational capability of the AE against the requirements:
    - 35.2.a. Contained in the CDM M&P<sup>17</sup>;
    - 35.2.b. Related to the particular "sectoral scope(s)" (contained in the Appendix A to the list of "sectoral scope(s)) for which the AE applied;
  - 35.3. A witnessing activity, if applicable;
  - 35.4. A closing meeting, at the end of the on-site assessment, between the CDM-AT and the AE's management to inform the AE of the details of its assessment, at this point in time, regarding conformity with the CDM accreditation requirements, basis for non-conformities and any additional comments. The AE shall have the opportunity to seek clarification and ask questions, if any. The CDM-AT leader shall remind the representatives of the AE that, in accordance with the CDM accreditation procedure:
    - 35.4.a. The AE shall have opportunities to provide comments at later steps as described in the "CDM accreditation procedure";
    - 35.4.b. The final recommendation to the EB will be made by the CDM-AP;
    - 35.4.c. The AE may appeal against the recommendation by the CDM-AP.
36. If, after completion of the on-site assessment, any witnessing activities of validation and/or verification/certification remain to be carried out by the CDM-AT, the CDM-AP shall decide whether

<sup>15</sup> See footnote 6 above.

<sup>16</sup> Forms to be used for the on-site assessment are: F-CDM-OR, F-CDM-NC, F-CDM-MA, F-CDM-MAR

<sup>17</sup> Contained in Appendix A to the Annex to the decision 17/CP.7.

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to issue a letter to the AE indicating the successful completion of the desk review and the on-site assessment in accordance with the provisions contained in section C.5.

37. Each witnessing activity<sup>18</sup> identified in the work plan shall be carried out by a minimum of two suitably qualified members of the CDM-AT who shall witness in person an AE performing the functions of validation and/or verification and certification relevant to the “sectoral scope(s)” of accreditation. Each CDM-AT member shall prepare a witnessing report at the end of each witnessing activity which shall include an evaluation of the performance of tasks by the AE with regard to (a) the “sectoral scope(s)” sought and (b) its knowledge of requirements for a CDM project activity with regard to the relevant step in the project cycle under the CDM M&P.
38. The CDM-AT may determine, in the context of the on-site assessment or approved witnessing activities, as applicable, the need for additional witnessing activities not foreseen in its work plan. In this case, it shall prepare a draft revision of its approved work plan and submit it to the CDM-AP for approval. After approval of the draft revised work plan by the CDM-AP, the provisions of the accreditation procedure for identifying witnessing opportunities shall apply.
39. The CDM-AT shall, after the last witnessing activity is completed, finalize, within six (6) weeks, the preliminary report (F-CDM-PR). Within this period, the AE shall have six (6) working days after receipt of the draft of the preliminary report to ask for clarifications and/or to comment on the report. The preliminary report shall contain as a minimum:
  - 39.1. The date(s) of the assessment(s);
  - 39.2. The name(s) of the CDM-AT members, identifying those responsible for the report;
  - 39.3. The name(s) and address(es) of all the relevant AE sites assessed (on-site assessment);
  - 39.4. The “sectoral scope(s)” assessed;
  - 39.5. An assessment of the competence and experience of the AE in the “sectoral scope(s)” assessed, including the names of key staff encountered and their qualifications, experience and authority;
  - 39.6. The adequacy of the internal organization and procedures adopted by the AE ensuring confidence in the quality of its services;
  - 39.7. Description of the validation and/or verification and certification activities witnessed;
  - 39.8. A description of the conformity of the AE with the accreditation requirements, in particular with regard to key issues identified by the CDM-AP and, where applicable, any useful comparisons with the results of previous assessments of the AE;
  - 39.9. An identification and description of non-conformities with requirements related to the “sectoral scope(s)” of accreditation.
40. The CDM-AT shall, upon completion, make the preliminary report available to the AE through the secretariat.
41. The AE shall:
  - 41.1. Consider the preliminary report of the CDM-AT;
  - 41.2. Have 30 days to identify corrective actions to resolve non-conformities, including timeframes for each action, or to withdraw its application. All actions identified shall be completed within six months. If actions are not completed within six months, the application for accreditation is automatically rejected. The AE may submit a new application for accreditation.

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Forms used in a witnessing activity are: F-CDM-WR, F-CDM-NC, F-CDM-MA, F-CDM-MAR

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42. The CDM-AT shall verify the implementation of all the actions to address non-conformities and prepare, with the assistance of the secretariat, a draft final report.
43. The AE shall have the opportunity to comment within six (6) working days on the draft final report.
44. The CDM-AT shall submit its final report (F-CDM-FR) to the CDM-AP. The final report shall contain, as a minimum, the following:
  - 44.1. The preliminary report;
  - 44.2. A description of the actions taken by the AE to correct non-conformities identified in the preliminary report;
  - 44.3. Comments of the AE on the draft final report and a description of how they have been addressed by the CDM-AT;
  - 44.4. Conclusions regarding accreditation for consideration by the CDM-AP.
45. The CDM-AP shall consider the final report by the CDM-AT and submit to the EB:
  - 45.1. The final report by the CDM-AT;
  - 45.2. Its conclusions regarding accreditation for consideration by the EB;
  - 45.3. Its recommendation as to whether or not to accredit the AE.
46. The CDM-AP shall inform the AE of its recommendation. The AE shall have six (6) working days to appeal against this recommendation or to withdraw its application. An appeal shall be addressed to the EB in accordance with the provisions contained in the annex "Appeals procedure".
47. The information submitted by the CDM-AP to the EB regarding accreditation of an AE shall be considered as confidential.
48. The EB shall consider the submission by the CDM-AP in a closed session at its next meeting. The EB Rules of Procedure regarding availability of documents prior to its meetings shall apply.
49. The EB shall decide whether to:
  - 49.1. Recommend, by accrediting, the AE to the COP/MOP for designation<sup>19</sup> as an operational entity specifying the "sectoral scope(s)"; or
  - 49.2. Reject the application and provide an explanation for the rejection.
50. The EB shall inform the AE of its decision and make the decision publicly available in accordance with the Rules of Procedure of the EB.
51. The designation<sup>20</sup> of the operational entity for any "sectoral scope" shall be valid for three (3) years from the date of designation by the COP/MOP. No regular surveillance shall be undertaken within this three-year-period. Unscheduled surveillance ("spot-check") shall, however, be undertaken in accordance with the provisions contained in section C.2..
52. A DOE shall have the opportunity for re-accreditation in accordance with the provisions of section C.3.

**C.2. *Unscheduled surveillance ("spot-check")***

53. The EB is authorized, in accordance with the CDM M&P to conduct "spot-check" activities (i.e. unscheduled surveillance) of DOEs at any time. The following provisions shall apply.

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<sup>19</sup> See footnote 5.

<sup>20</sup> The validity of accreditation shall extend to three years after the date of designation by COP/MOP.

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54. The consideration by the EB to conduct a “spot-check” of a DOE may be triggered by, *inter alia*:
- 54.1. A request for review submitted in accordance with the relevant provisions contained in the CDM M&P with regard to the registration of a project activity or the issuance of CERs;
  - 54.2. Information received on any changes which may significantly affect the quality of operations and performance of the DOE, such as regarding ownership, organizational structure, internal policies and procedures, technical expertise of personnel (in accordance with section C.6.);
  - 54.3. A written, substantiated complaint regarding the alleged failure of a DOE to comply with the requirements of its accreditation submitted to the EB by:
    - 54.3.a. Another DOE;
    - 54.3.b. An NGO accredited with UNFCCC;
    - 54.3.c. A stakeholder<sup>21</sup>.
55. Once the EB has decided to conduct a “spot-check”, the secretariat shall inform the DOE concerned and the CDM-AP. The DOE shall pay for the cost of a “spot-check” in accordance with the annex “Fees”.
56. The CDM-AP shall consider the case and
- 56.1. Establish a CDM-AT;
  - 56.2. Conclude, depending on the gravity of the case, whether:
    - 56.2.a. To recommend to the EB the immediate suspension, pending the result of the “spot check”, of the accreditation of the DOE and/or;
    - 56.2.b. To agree to an exception to the procedure such as a limited on-site assessment and/or witnessing activity by the CDM-AT or limitations of the assessment to particular requirements related to the “sectoral scope(s)” of accreditation put in question.
57. “Spot-checks” shall be carried out in accordance with applicable steps of the accreditation procedure (see section C.1).
58. In accordance with the CDM accreditation procedure, the EB shall decide, based on the documents submitted by the CDM-AP, whether to:
- 58.1. Confirm the accreditation and designation of the DOE;
  - 58.2. Confirm the suspension and recommend to the COP/MOP either the suspension or the withdrawal of designation of the spot-checked DOE (in accordance with paragraph 5 (f) (i) of the CDM M&P). In accordance with the provisions of paragraph 21 of the CDM M&P, the suspension or the withdrawal is with immediate effect and remains in effect pending a final decision by the COP/MOP.
59. The secretariat shall inform the DOE of the decision by the EB. The secretariat shall update relevant records and publicly available lists, as appropriate.

**C.3. Re-accreditation**

60. The secretariat shall inform the DOE in due course of the date at which its accreditation is expiring and request the DOE to confirm whether it wishes to apply for re-accreditation.

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<sup>21</sup> In accordance with paragraph 1(e) of the CDM M&P, stakeholders means the public, including individuals, groups or communities affected, or likely to be affected, by the proposed clean development mechanism project activity.

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61. The DOE shall submit to the secretariat the documentation specified in the annex "Application documents".
62. A DOE may request re-accreditation at an earlier time to group the re-accreditation or accreditation of several "sectoral scope(s)" into one re-accreditation process.
63. After submission of the application documents, the "CDM accreditation procedure" shall apply with a view to the EB making a decision regarding recommending re-designation, suspension, withdrawal, reduction of "sectoral scope(s)" of a DOE based on the recommendation of the CDM-AP.

**C.4. Accreditation for additional "sectoral scope(s)"**

64. A DOE may submit an application to be accredited for additional "sectoral scope(s)" at any time. The procedural steps for accreditation described in the section C.1. shall apply. The annex "Application documents" specifies the documentation to be submitted by a DOE requesting additional "sectoral scope(s)".
65. The DOE applying to be accredited for additional "sectoral scope(s)" shall have the opportunity to request, at the same time, the re-accreditation for other "sectoral scope(s)" for which it is already accredited. This may enable the DOE to streamline its re-accreditation schedule and reduce costs.
66. The work of the CDM-AP and the CDM-AT shall be designed in a way to minimize costs by taking into consideration, as applicable, those "sectoral scope(s)" for which the AE is already designated as well as recent work of the CDM-AP and/or CDM-AT with the same AE.
67. The recommendation of the CDM-AP to the EB, referred to in the procedural steps for accreditation (see section C.1.), shall distinguish between accreditation for additional "sectoral scope(s)" and, if applicable, re-accreditation.

**C.5. Procedure in case a letter is to be issued indicating the successful completion of the desk review and the on-site assessment**

68. If further witnessing activities remain to be undertaken by the CDM-AT once the desk review and the on-site assessment of an AE have been completed, the CDM-AP shall decide whether to issue a letter to the AE (referred to as "indicative letter") stating that:
  - 68.1. The recommendation by the CDM-AP to the EB to accredit the AE, for the "sectoral scope(s)" it is applying for, is depending on the successful completion of remaining witnessing activities;
  - 68.2. The validation and/or verification and certification activities witnessed and considered to have been successfully performed during these remaining witnessing activities shall be considered recognized by the EB once the EB accredits the AE.
69. For this purpose, the accreditation procedure (see section C.1.) shall be applied as modified below.
70. The procedural steps in paragraph 39 to 45 shall apply with the following modifications:
  - 70.1. The draft of the preliminary report (F-CDM-PR), referred to in paragraph 39, shall be limited to aspects related to the desk review and the on-site assessment and not include any aspects related to a witnessing activity.
  - 70.2. Instead of considering a recommendation to the EB regarding accreditation of the AE (see paragraph 45), the CDM-AP shall solely decide whether the AE in question meets the requirements limited to desk review and on-site assessment and an "indicative letter" shall be issued to the AE.

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71. The CDM-AP shall inform the EB and the relevant AE of its decision and, if applicable, issue the “indicative letter”.
72. The relevant AE may appeal against this decision by the CDM-AP in accordance with the provisions in the annex “Appeals procedure”.
73. The secretariat shall maintain a public record of “indicative letters” issued.
74. While the above procedure for issuing an “indicative letter” is under way, any remaining witnessing activities shall be initiated and carried out in accordance with the procedural steps contained in paragraph 37 to 45 with the following modifications:
  - 74.1. The draft of the preliminary report (F-CDM-PR), referred to in paragraph 39, shall be limited to aspects related to witnessing;
  - 74.2. The final report to the CDM-AP referred to in paragraph 44 shall contain:
    - 74.2.a. The preliminary report;
    - 74.2.b. A description of actions taken by the AE to correct non-conformities identified;
    - 74.2.c. Comments of the AE on the draft final report limited to aspects related to witnessing and how they have been addressed;
    - 74.2.d. Conclusions by the CDM-AT regarding accreditation for consideration by the CDM-AP.
  - 74.3. The documents to be submitted to the EB by the CDM-AP, in accordance with paragraph 45, are as follows:
    - 74.3.a. The final report by the CDM-AT;
    - 74.3.b. The documentation supporting its decision to issue the “indicative letter”;
    - 74.3.c. Its conclusions regarding accreditation for consideration by the EB;
    - 74.3.d. Its recommendation as to whether or not to accredit the AE.
75. Paragraphs 46 to 52 in section C.1. apply without modification.

**C.6. Notification on change of status of a DOE**

76. A DOE shall inform the secretariat, within ten (10) working days, of significant changes affecting its:
  - 76.1. Legal, commercial or organizational status, e.g. ownership, partnerships;
  - 76.2. Key professional staff;
  - 76.3. Management system;
  - 76.4. Compliance with accreditation requirements.

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**D. Annexes****D.1. Annex: "Application documents"**

1. In case of an application for accreditation, the AE shall provide the following documents/written information in eight (8) copies to the secretariat. Documents have to be submitted in an official English version as the working language of the EB is English:
  - 1.1. Documentation on its legal entity status (either a domestic legal entity or an international organization) (*CDM M&P*<sup>22</sup>);
  - 1.2. The names, qualifications, experience and terms of reference of senior management personnel such as the senior executive, board members, senior officers and other relevant personnel (*CDM M&P*);
  - 1.3. An organizational chart showing lines of authority, responsibility and allocation of functions (*CDM M&P*);
  - 1.4. Its quality assurance policy and procedures (*CDM M&P*), including a procedures manual on how the entity conducts validation as well as verification and certification activities;
  - 1.5. Administrative procedures including document control (*CDM M&P*);
  - 1.6. Its policy and procedures for the recruitment and training of DOE personnel, for ensuring their competence for all necessary validation as well as verification and certification functions, and for monitoring their performance (*CDM M&P*);
  - 1.7. Its procedures for handling complaints, appeals and disputes (*CDM M&P*);
  - 1.8. Particular documents related to "sectoral scope(s)" relevant to its application. If new "sectoral scope(s)" is/are proposed, all relevant information that would permit the determination of such new "sectoral scope(s)";
  - 1.9. A declaration that the AE has not pending any judicial process for malpractice, fraud and/or other activity incompatible with its functions as an accredited independent entity (*CDM M&P*);
  - 1.10. If part of a larger organization and where parts of that organization are, or may become, involved in the identification, development or financing of any CDM project activity (*CDM M&P*):
    - 1.10.a. A declaration of all the organization's actual and planned involvement in CDM project activities, if any, indicating which part of the organization is involved and in which particular CDM project activity (*CDM M&P*);
    - 1.10.b. A clear definition of links with other parts of the organization, demonstrating that no conflict of interest exists (*CDM M&P*);
    - 1.10.c. A demonstration that no conflict of interest exists between its functions as an DOE and any other functions that it may have, and how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all sources of conflict of interest, whether they arise from within the AE or from the activities of related bodies (*CDM M&P*);
    - 1.10.d. A demonstration that it, together with its senior management and staff, is not involved in any commercial, financial or other processes which might influence its

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<sup>22</sup> Elements in this list that are taken from the CDM M&P are marked accordingly.

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judgement or endanger trust in its independence of judgement and integrity in relation to its activities, and that it complies with any rules applicable in this respect (*CDM M&P*).

2. In the case of an application for re-accreditation or additional “sectoral scope(s)”, the DOE shall submit, as applicable:
  - 2.1. Particular documents related to “sectoral scope(s)”;
  - 2.2. Documents<sup>23</sup> required for accreditation ensuring that all information available to the EB and the CDM-AP reflects the most up-to-date state of information.

### **D.2. Annex: “Appeals procedure”**

1. After being informed of a recommendation by the CDM-AP to the EB, an AE shall have the opportunity to appeal against the recommendation within six (6) working days. The appeal may only address the qualification of the CDM-AT and/or non-compliance with procedures.
2. The appeal shall be submitted in writing to the designated officer in the secretariat.
3. The designated officer shall immediately inform the CDM-AP and the EB of the appeal.
4. The designated officer shall submit to the EB, for consideration at its next meeting, taking into consideration deadlines for the submission of documents provided for in the EB Rules of Procedure, a file containing:
  - 4.1. The appeal submitted by the AE;
  - 4.2. The recommendation of the CDM-AP challenged by the entity;
  - 4.3. A list of five (5) candidates for an appeal panel.
5. The EB shall consider the file and establish an appeal panel of three (3) members.
6. The appeal panel shall prepare a recommendation regarding the appeal for consideration at the next meeting of the EB.
7. The cost for conducting an appeals procedure shall be covered in accordance with the provisions in the annex “Fees”.

### **D.3. Annex: “Fees”**

1. This annex provides the structure for fees related to the accreditation of DOEs under the CDM. This annex does not provide the amount of fees but explains the underlying cost structure. The secretariat shall make publicly available on the UNFCCC CDM web site the level of fees and standard cost items such as the charges for one CDM-AT member per day.

#### **Non-reimbursable application fee**

2. The non-reimbursable application fee is calculated on the basis of the estimated average cost per application. The costs arise from the need to carry out tasks such as organizing and servicing CDM-AP meetings, the desk review of the application (estimate: fee for CDM-AT member for two (2) working days on average) and related administrative procedures. In case the desk review requires more than 2 working days, the secretariat will include the cost in its quote referred to in paragraph 5 below.
3. The non-reimbursable application fee is to be paid at the time the application is submitted. Applications are processed once the secretariat has received the fee.

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<sup>23</sup>

Regarding provisions for notification on change of status of a DOE see section C.6.

**REPORT OF THE SEVENTH MEETING OF THE EXECUTIVE BOARD****Annex 2****Reimbursement conditions in case of withdrawal of an application**

4. If an AE decides to withdraw its application, any cost incurred up to this point will not be reimbursed. Only in the case where an entity decides to withdraw its application due to a revision by the CDM-AP of its proposed “sectoral scope(s)” (see section B.2), a reimbursement of 50 per cent of the non-reimbursable application fee will be effected.

**Fee and costs associated with an on-site assessment of the premises of an AOE**

5. The AE shall pay directly for the following cost items (dates, schedules and accommodation arrangements to be coordinated through the secretariat):
  - 5.1. Business class airfare for each assessment team member;
  - 5.2. Accommodation of members of the CDM-AT in a four-star hotel;
  - 5.3. To each team member the equivalent of the part of the applicable UN daily subsistence allowance for the assessment mission (as provided by the UNFCCC secretariat).
6. In addition, the AE shall pay to the secretariat a fee to cover the cost for the work provided by the CDM-AT members<sup>24</sup>. The secretariat shall provide the AE with a quote indicating the number of CDM-AT members and the days of intervention.
7. The implementation of the on-site assessment is depending on the payment in advance of the costs and the fee indicated.

**Costs associated with witnessing**

8. The AE shall pay directly for the following cost items (dates, schedules and accommodation arrangements to be coordinated through the secretariat):
  - 8.1. Business class airfare for each assessment team member;
  - 8.2. Accommodation of members of the CDM-AT in a four-star hotel;
  - 8.3. To each team member the equivalent of the part of the applicable UN daily subsistence allowance for the witnessing mission (as provided by the UNFCCC secretariat).
9. In addition the AE pay to the secretariat a fee for the work provided by the CDM-AT member(s). The secretariat shall provide the AE with a quote indicating the number of CDM-AT members and of the working days related to the intervention.
10. The implementation of a witnessing activity is depending on the payment in advance of the costs and the fee identified in paragraph 8 and 9 of this annex.

**Costs of “spot-checks”**

11. The costs for a “spot check” shall be covered by the DOE concerned. The secretariat will provide the DOE with an itemized quote. The DOE shall pay in advance. If the payment is not received within 30 days of the date of the receipt of the quote, the secretariat informs the CDM-AP and the accreditation/designation of the operational entity is automatically and immediately suspended, on a provisional basis pending a final decision by the COP/MOP.

**Costs of an appeal**

12. The costs for an appeal shall be covered by the AE concerned. The secretariat will provide the AE with an itemized quote for an “appeals fee”. The AE shall pay in advance the appeals fee. After the payment by the AE is received, the appeal will be considered. If the payment of the fee is not

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<sup>24</sup> The standard daily fee per CDM-AT member is currently US\$400 (please refer to the UNFCCC CDM web site for any changes).

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received within 20 working days after the quote was provided, the appeal is considered withdrawn by the AE.

13. In case the appealing applicant is given right through the appeals procedure, the AE shall be reimbursed the total amount of the “appeals fee”.

#### **D.4. Annex: “Forms used in the CDM accreditation process”**

14. The list below indicates the necessary forms by step of the accreditation procedure (F-CDM-\_\_\_). Some forms can be used at several steps. The forms are available on the UNFCCC CDM web site and may also be requested from the secretariat. Requirements implicit in the questions contained in the forms shall be considered as prescriptive and as explicit provisions of intents of the generic provisions described in Appendix A to the CDM M&P “Standards for the accreditation of operational entities”. The CDM-AT team shall assume the responsibility for all its reports.

##### **Application for accreditation**

- F-CDM-A = Application for accreditation

##### **Desk review**

- F-CDM-DR = Desk review report

##### **On-site assessment of the applicant entity**

- F-CDM-OR = On-site assessment report form
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

##### **Witnessing**

- F-CDM-WR = Witnessing report form
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

##### **“Spot-check”/Unscheduled surveillance**

- Spot-check/unscheduled surveillance report (to be prepared at a later stage)
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

##### **Other**

- F-CDM-CA = Confidentiality and non-disclosure agreement for personnel taking part in an assessment (CDM-AT member)

##### **Preliminary report**

- F-CDM-PR = Preliminary report (includes, as attachments, forms used in the preceding steps)

##### **Final report**

- F-CDM-FR = Final report (includes, as attachment, F-CDM-PR)

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**D.5. Annex: “Abbreviations”**

AE	Applicant entity
CDM	Clean development mechanism
“CDM accreditation procedure”	See paragraph 2
“sectoral scope”	See paragraph 6
CDM M&P	Modalities and procedures for the clean development mechanism contained in the report of the seventh session of the Conference of the Parties (FCCC/CP/2002/13/Add.1 available on the UNFCCC CDM web site ( <a href="http://unfccc.int/cdm">http://unfccc.int/cdm</a> ) or UNFCCC ( <a href="http://unfccc.int">http://unfccc.int</a> ) web site).
CDM-AP	CDM accreditation panel
CDM-AT	CDM assessment team
COP	Conference of the Parties to the United Nations Framework Convention on Climate Change
COP/MOP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
DOE	Designated operational entity
EB	Executive Board of the clean development mechanism
UNFCCC	United Nations Framework Convention on Climate Change