



FRAMEWORK CONVENTION ON CLIMATE CHANGE - Secretariat
CONVENTION - CADRE SUR LES CHANGEMENTS CLIMATIQUES -
Secrétariat

Date: 1 April 2004
Ref: CDM-EB-13

EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM

THIRTEENTH MEETING

Report

Date of meeting: 24–26 March 2004

Location: Bonn, Germany

Attendance: The names of members and alternate members present at the meeting are bolded below. Where only the name of an alternate member is bolded, the alternate participated as a member.

| Member | Alternate |
|---|--|
| Mr. John W. Ashe ¹ | <i>Ms. Desna M. Solofa¹</i> |
| Mr. Jean-Jacques Becker² | Mr. Martin Enderlin² |
| Mr. John Shaibu Kilani² | <i>Mr. Ndiaye Cheikh Sylla²</i> |
| Mr. José Domingos Miguez² | Mr. Eduardo Sanhueza² |
| Mr. Sozaburo Okamatsu ² | <i>Ms Sushma Gera²</i> |
| Ms. Marina Shvangiradze¹ | <i>Ms. Anastassia Moskalenko¹</i> |
| Mr. Hassan Tajik ² | <i>Mr. Chow Kok Kee²</i> |
| Mr. Georg Børsting¹ | Mr. Hans Jürgen Stehr¹ |
| Mr. Xuedu Lu¹ | Mr. Juan Pablo Bonilla¹ |
| Mr. Richard Muyungi¹ | <i>Mr. Hernán Carlino¹</i> |

¹ Term: Two years, 2003–2005

² Term: Three years, 2001–2004

Quorum (in parenthesis required numbers): **10** (7) members/alternate members acting as members present of which **4** (3) from Annex I Parties and **6** (4) from non-Annex I Parties.

WWW broadcasting: <http://unfccc.int/cdm>

**Agenda item 1. Membership issues (including disclosure of possible conflict of interest and election of the Chair and Vice-Chair)**

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) elected Mr. John Shaibu Kilani and Mr. Georg Børsting as Chair and Vice-Chair, respectively, of the Executive Board until the first meeting of the Board in 2005.
2. On behalf of the Board, the new Chair expressed deep appreciation to the outgoing Chair, Mr. Hans Jürgen Stehr, and Vice-Chair, Mr. Franz Tattenbach Capra, for their excellent leadership during the second year of the Board's operations.
3. The Chair welcomed new members and alternates and took note of their oaths of service.
4. Some members and alternate members indicated that they would like to abstain from discussing certain issues as they may have or may be perceived to have a conflict of interest.

Agenda item 2. Adoption of the agenda

5. The Board adopted the agenda as proposed.

Agenda item 3. Work plan**Agenda sub-item 3 (a): Accreditation of operational entities**

6. The Board considered the second progress report presented by Mr. John Shaibu Kilani, the Chair of the CDM Accreditation Panel (CDM-AP), on the CDM-AP including the status of applications, and developments with respect to desk reviews and on-site assessments. The Board noted, with appreciation, the progress achieved by the panel, in particular the recent additions to the list of clarifications (CDM-ACCR03) made available on the UNFCCC CDM web site. It invited the CDM-AP to continue submitting progress reports on a regular basis.
7. The Board agreed, pursuant to decisions 17/CP.7 and 21/CP.8, to accredit and provisionally designate for sector-specific validation two applicant entities:
 - (a) Japan Quality Assurance Organization (JQA), Japan for the sectoral scope(s):
 4. Manufacturing industries
 5. Chemical industries
 6. Construction
 7. Transports
 10. Fugitive emissions from fuels (oil, solid and gas)
 11. Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride
 12. Solvents use.
 - (b) Det Norske Veritas Certification Ltd. (DNV Cert), UK, for the sectoral scope(s):
 1. Energy industries (renewable - / non-renewable sources)
 2. Energy distribution



3. Energy demand
13. Waste handling and disposal.

8. The Board took note of the issuance by the CDM-AP of an “indicative letter”¹ to the AE, Bureau Veritas Quality International Holdings S.V. (BVQI Holdings S.V) which successfully completed the desk review and on-site assessment.

9. The Board took note of the new sectoral scope(s) and invited the panel, taking into account these new sectoral scope(s), to review its current approach to grouping for the purpose of witnessing and to report to the Board at its next meeting. In this context, the Board agreed to approve the following guidance/clarifications of the accreditation procedure which will be added to the list of clarifications (CDM-ACCR03):

(a) “Whenever a new sectoral scope(s) is added to the list of sectoral scope(s), a DOE/AE may apply for a such a new sectoral scope within a window of opportunity of 6 months after the date the revised list of sectoral scope(s) is made publicly available and announced through the UNFCCC CDM News facility. If the application is submitted within this period, the DOE/AE shall not pay the non-reimbursable application fee. However, costs other than the non-reimbursable application fee shall be paid by the DOE/AE in accordance with the procedures and relevant clarifications. The assessment by the CDM-AP and the CDM-AT shall be designed in a way to minimize costs by taking into consideration, as applicable, ongoing assessment work as well as sectoral scope(s) for which the AE is already accredited/designated. If a AE/DOE applies after the end of the window of opportunity, the AE/DOE will have to pay the non-reimbursable application fee and the costs in accordance with provisions for applying for an additional scope(s) or for changing an application.”

10. The Board agreed that the terms of reference of the CDM-AT will be changed in order to permit a staggering of terms of CDM-AP members as follows²:

- (a) The length of term is changed to two years;
- (b) Every year, either two or three members are to be replaced whereby experts appointed to replace members shall, if possible, not come from the same region as the members that remain in office;
- (c) In order to start the staggered system and to ensure continuity, the names of two members of the existing panel, to be replaced in June 2005, could be identified by either voluntary withdrawal and/or by a draw. The remaining three members would be replaced after one year (i.e. in June 2006) in accordance with the system for staggering.

11. The Board agreed furthermore to amend the “Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (CDM) (CDM-ACCR01)” as follows³:

(a) Paragraph “4.3”: Witnessing by the CDM-AT of the performance of tasks by an applicant entity 6 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”)

¹ In accordance with the "Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (Version 03)", an indicative letter is issued by the CDM-AP if it concludes that an applicant entity has satisfied the desk review and on-site requirements.

² A revised version of the terms of reference of the CDM-AP, dated 26 March 2004, will be issued and made available on the UNFCCC CDM web site.

³ Text in bold character has been inserted. The amendments will be inserted by the secretariat in the list of clarifications/guidance (CDM-ACCR03) and made available on the UNFCCC CDM web site.



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 and considered successful during the accreditation procedure, are considered valid **from a procedural point of view** if the applicant entity is successfully accredited by the Board;

(b) Paragraph “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 **from a procedural point of view** by the Board once the EB accredits the AE;

(c) Paragraph “45.2”: Its **assessment and** conclusions regarding accreditation for consideration by the Board.

12. The Board invited the CDM-AP to adjust its forms to reflect, inter alia, the above clarifications, recommendations and the nature of the scope of witnessing validation. It further encouraged the panel to continue its efforts to ensure consistency and quality of the assessments (e.g. through the evaluation of team members, teleconferences with assessment teams individually or with the group of team leaders).

13. The Board took note of the various efforts by the panel and the Board to promote capacity-building, with a view to obtaining more applications from operational entities and assessment experts, from non-Annex I Parties, in accordance with decision 18/CP.9. The Board agreed that members and alternate members should reach out to relevant actors in the accreditation and certification field to enhance knowledge about opportunities within the CDM. The secretariat will provide Board members with information material used by the panel and the secretariat in its outreach activities (e.g. Letter and supporting material sent to members of the International Accreditation Forum (IAF)).

Agenda sub-item 3 (b): Methodologies for baselines and monitoring plans

14. On behalf of the Board, the Chair expressed deep appreciation to the outgoing Vice-Chair of the panel on baseline and monitoring methodologies (Meth Panel), Mr. Franz Tattenbach Capra, for his excellent work.

15. The Board appointed Mr. José Domingos Miguez as the new Vice-Chair of the Meth Panel.

16. The Board took note of an oral report by Mr. Jean-Jacques Becker, the Chair of the Meth Panel, on the work of the panel.

17. The Board considered the recommendations prepared by the Meth Panel regarding the revisions of the CDM project design documentation (proposed draft forms CDM-PDD, CDM-PDD-NBM and CDM-PDD-NMM) and public comments received. It requested Mr. Jean Jacques Becker, Mr. Georg Børsting and Mr. Chow Kok Kee, with the assistance of the secretariat, to prepare a revised version of the CDM project design documentation and a document guiding their use for consideration of the Board at its fourteenth meeting.

18. The Board agreed on the revised terms of reference for the Meth Panel contained in annex 1 to this report, effective as of July 2004. It took note of the availability of most of the current members of the Meth Panel to serve a second term and requested the secretariat:

(a) To post an invitation to experts to submit their application for consideration as members of the Meth Panel. The Board requested that the invitation be posted on the UNFCCC CDM web-site from 7 April 2004 to 7 May 2004 (17.00 GMT);



(b) To compile a list of applications and a short-list for further consideration by the Board at its fourteenth meeting with a view to designating members for the panel at that meeting. Members currently serving the Meth Panel shall be included in the short list.

19. The Board further agreed to extend the terms of the current members of the Meth Panel until July 2004. It kindly requests current Panel members to remain in office till then. In this context, it wishes to reiterate its appreciation for the enormous workload mastered by Panel members to date, the high quality of inputs made to the Board and the personal commitment of Panel members to their work on CDM.

20. The Board reviewed the process for considering proposed baseline and monitoring methodologies and agreed that the process, by and large, has worked, with adjustments having been made over time to smoothen process. There remain, however, a number of factors which result in an unsustainable workload for panel members, on one hand, and delays in the release of approved methodologies on the other. There are also cost implications arising from these factors.

21. In addressing the shortcomings and bottlenecks, the Board agreed that it is of utmost importance that approved methodologies are of the highest possible quality recalling that each such methodology, once approved, enters the repository of the Board and can be used by project participants, possibly on a large scale. The integrity of the process of considering and approving methodologies is, therefore, a critical element of the CDM.

22. The Board agreed on the following immediate measures aimed at improving the quality of products and easing the workflow:

(a) To invite project participants to submit a proposed methodology only after technical editing of the documents to ensure that the content is comprehensively communicated. This enhancement in the quality is to reduce the need for resubmissions and feedback loops, thus improving the efficiency and reducing costs to the system;

(b) To urge project participants to pay close attention to approved methodologies and follow the process of consideration of proposed methodologies in order to avoid the submission of a methodology which is similar to one that is approved or under consideration. This will allow to save costs for project participants but also at all levels of the consideration process, reduce the workload of the panel and thus free up time needed for the thorough consideration of methodologies and their consolidation.

(c) To revise the procedures for submission and consideration of proposed new methodologies to:

- (i) Allow the Meth Panel to conduct a rapid appraisal of each new proposed methodology and to return it to project participants if the two panel members entrusted with the case are of the view that the methodology does not yet meet the quality standard.
- (ii) Revise paragraph 16, relating to the procedure for communication between the Meth Panel and project participants, in order to make it only applicable to cases where the Meth Panel has made preliminary recommendations;
- (iii) Allow the Chair of the Meth Panel to bring to the attention of the Board cases where a resubmitted case (“B”) has changed to an extent that it needs a new full assessment and thus requires the devotion of additional resources;
- (iv) Add provisions for reformatting of approved methodologies following the current practice of the Board and request that the Meth Panel, with the assistance of the secretariat, shall forward to the Board, together with a recommendation for approval of a proposed case, a draft of the reformatted methodology;



(d) Request the secretariat to prepare draft terms of reference for a working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities, in accordance with the simplified modalities and procedures for small-scale CDM project activities, for consideration of the Board at its fourteenth meeting.

23. Against the background described above, the Board agreed to keep under review the process and to develop a structured proposal on future work on methodologies. The Chairs of the Board and the two Panels on methodology and accreditation will prepare a note with further suggestions for consideration of the Board at its fourteenth meeting.

24. Taking into consideration recommendations by the Meth Panel, desk reviewers and 25 public inputs, the Board considered 14 proposals for new baseline and monitoring methodologies and agreed on the following recommendations:

NM0017: Methodologies proposed for steam system efficiency improvements in refineries in Fushun (China)

25. The Board agreed to request the Meth Panel to reconsider its recommendation regarding this case taking into consideration issues raised by the Board, in particular on the need for inclusion in the baseline methodology of an ex-ante estimation of the baseline scenario based on the performance of the plant before the implementation of the project activity.

NM0026: Methodologies proposed for Rang Dong Oil Field Associated Gas Recovery and Utilization Project

26. The Board agreed to approve the proposed baseline and monitoring methodologies contained in annexes 3 and 4 for proposal NM0026.

27. The Board requested the Chair of the Executive Board to reformat, with the assistance of the Chair of the Meth Panel, members of the Meth Panel and the secretariat, the baseline and monitoring methodologies for proposal NM0026 in order to:

- (a) Incorporate the titles proposed by the Meth Panel;
- (b) Incorporate applicability conditions as proposed by the Meth Panel;
- (c) Incorporate the minor changes proposed by the Meth Panel and issues raised by the Board; and

(d) Edit the document to improve its presentation, by removing repetitive paragraphs and improving syntax, and ensuring that it reflects methodology-specific information and not project-specific information.

28. The Board further agreed that, before being posted on the UNFCCC CDM web site, the reformatted version of the proposed new methodologies would be forwarded to the Board via list serve. Comments by members and alternates will be invited for a period of ten (10) working days.

29. The Chairs of the Meth Panel and the CDM-AP informed the Board that those methodologies will be linked to scope 10 for accreditation (Fugitive emissions from fuels (solid, oil and gas)).

NM0032: Methodologies proposed for Municipal Solid Waste Treatment cum Energy Generation, Lucknow, India

30. The Board agreed to approve the proposed baseline and monitoring methodologies contained in annexes 3 and 4 for proposal NM0032.



31. The Board requested the Chair of the Executive Board to reformat, with the assistance of the Chair of the Meth Panel, members of the Meth Panel and the secretariat, the baseline and monitoring methodologies for proposal NM0032 in order to:

- (a) Incorporate the titles proposed by the Meth Panel;
- (b) Incorporate applicability conditions as proposed by the Meth Panel and issues raised by the Board;
- (c) Incorporate the minor changes proposed by the Meth Panel and issues raised by the Board; and
- (d) Edit the document to improve its presentation, by removing repetitive paragraphs and improving syntax, and ensuring that it reflects methodology-specific information and not project-specific information.

32. The Board further agreed that, before being posted on the UNFCCC CDM web site, the reformatted version of the proposed new methodologies would be forwarded to the Board via list serve. Comments by members and alternates will be invited for a period of ten (10) working days.

33. The Chairs of the Meth Panel and the CDM-AP informed the Board that these methodologies will be linked to scope 13 of accreditation (Waste handling and disposal).

34. The Board agreed with the recommendation of its Meth Panel which suggested that the proposed new baseline and monitoring methodologies for the **cases NM0018, NM0020, NM0022, NM0024, NM0030, NM0031, NM0033, and NM0034** may be reconsidered subject to:

- (a) Required changes being made by the project participants, taking into account issues raised by the Board, the “Recommendations” and “Details of the evaluation of the proposed new methodology” by the Meth Panel, and re-submission of a revised proposal. The secretariat shall make a revised proposal publicly available upon receipt;
- (b) Reconsideration of a revised proposal directly by the Meth Panel, without further review by desk reviewers; and
- (c) Reconsideration of the respective recommendation of the Meth Panel by the Executive Board.

35. Project participants wishing that their revised proposal be considered at the next meeting of the Meth Panel (Meth 10) shall submit it by 7 April 2004.

36. The Board agreed not to approve the proposed new baseline and monitoring methodologies for case **NM0025**. The Board invites the project participants to consider the views and suggestions made, in particular with regard to annexes 3 and 4 of the proposed draft CDM-PDD, and encourages them to make a further submission.

37. The Board agreed that the proposed new methodologies **NM0027 and NM0035** be marked as withdrawn and shall not be further considered.

Agenda sub-item 3 (c): Matters related to the registration of CDM project activities

38. The Board took note of an oral report by Mr. Georg Børsting and Mr. Xuedu Lu on progress of work on matters related to registration of CDM project activities.

39. The Board, recalling paragraph 40 of the CDM modalities and procedures, agreed on the following revision of its “Clarifications on validation requirements to be checked by a designated



operational entity (EB08, Annex 3)” in order to adjust the timing of making the project design document publicly available and to specify action to be taken in case the DOE decides to reject a proposed project activity. A revised version of the clarification will be made available on the UNFCCC CDM web site. The steps are as follows:

(a) Step 1: The DOE is to make the CDM-PDD publicly available and receive comments in accordance with sub-paragraphs 40 (b) and (c) of the CDM modalities and procedures;

(b) Step 2: The DOE is to check that validation requirements in paragraph 37 of the CDM modalities and procedures have been met after having reviewed the CDM project design document (CDM-PDD) and any supporting documentation (including ensuring that the baseline and monitoring methodologies used are approved by the Board);

(c) Step 3: After the deadline for receipt of comments, the DOE is to make a determination as to whether the project activity should be validated;

(d) Step 4: The DOE is to inform project participants of its determination on the validation of the project activity;

(e) Step 5: The DOE is to submit to the Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report. Before submitting the request for registration, the DOE has to have received the written approval(s) referred to in paragraph 40 (a). The request for registration (using the form F-CDM-REG) shall include, *inter alia*, the project design document, the written approval of the host Party, and an explanation of how the DOE has taken due account of comments received. If the DOE determines that the proposed project activity is not accepted, it shall, in addition to actions identified in paragraph 40 (e), forward its determination and the documentation considered to the Board. A list of proposed project activities that have not been accepted by DOEs, including supporting documentation, will be made available to DOEs and the Board;

(f) Step 6: The validation report is to be made publicly available (simultaneously with request for registration).

Agenda sub-item 3 (d): CDM registry

40. The Board took note of a presentation by the secretariat containing an assessment of alternative systems on which to base the development and implementation of the CDM registry and recommendations for how to advance this work. The Board agreed that the secretariat is to proceed with the selection, development and implementation of one of the systems as the CDM registry, in a manner that:

(a) Is in accordance with relevant UN procurement procedures;

(b) Takes into account of the work of the Board in calling for and assessing information on the available options for quickly implementing the registry;

(c) Continues to give priority to the assessment of the technical functionality and the timing of when the systems could be made operational as the CDM registry;

(d) Welcomes any financial contributions by Parties as a means to cover necessary expenditures on the selected system.

41. The Board requested the secretariat to report on progress on this issue to its fourteenth meeting, outlining the activities undertaken and any further estimates of resource implications available at that time for developing, implementing and operating the CDM registry.



42. The Board further agreed that the secretariat is to be the CDM registry administrator with responsibility, under the authority of the Executive Board, for implementing and operating the CDM registry. The Board further noted its preference for the CDM registry to be hosted internally by the secretariat.

43. The Board agreed to provide comments, by 16 April 2004, on the draft functional specifications of the CDM registry which will be circulated by the secretariat on 2 April 2004.

44. The Board also requested Ms. Sushma Gera and Mr. Xuedu Lu to continue following issues relating to registries and to report on the progress to the Board at its fourteenth meeting.

Agenda sub-item 3 (e): Modalities for collaboration with the SBSTA

45. The Board took note of an oral report by Mr. Eduardo Sanhueza on the results of negotiations regarding afforestation and reforestation project activities at the ninth session of the Conference of the Parties.

46. The Board further took note of an oral report by the secretariat on preparations for negotiations at SBSTA 20 of simplified modalities and procedures and measures to facilitate small-scale afforestation and reforestation project activities under the CDM and requested Mr. Eduardo Sanhueza and Mr. Martin Enderlin to follow the matter during SBSTA 20.

Agenda item 4. Other matters

Agenda sub-item 4 (a): Rules of procedure of the Executive Board

47. The secretariat informed the Board that the texts of amendments to rules 4 and 12 of the rules of procedure of the Executive Board adopted by COP 9 (decision 18/CP.9) will be incorporated in a revision of the rules of procedure of the Executive Board.

Agenda sub-item 4 (b): Modalities and procedures for afforestation and reforestation project activities under the CDM

48. The Board took note of the presentation by the secretariat of a draft work programme for afforestation and reforestation project activities. It agreed to nominate Mr. Martin Enderlin and Mr. Eduardo Sanhueza to follow up on work, including preparing a draft of terms of reference for a working group on methodological issues relating to afforestation and reforestation CDM project activities, applying *mutatis mutandis* the terms of reference for the Meth Panel contained in Annex 1 to this report, with the assistance of the secretariat. Mr. Enderlin and Mr. Sanhueza shall provide a progress report to the Board at its fourteenth meeting.

49. The Board agreed to approve, via electronic decision making, terms of reference for a working group on methodological issues relating to afforestation and reforestation CDM project activities. The Board requested the secretariat to issue, based on these terms of reference, a call for experts, prior to the fourteenth meeting of the Board.

Agenda sub-item 4 (c): Availability of resources

50. The Chair invited the Acting Coordinator of the Cooperative Mechanism Programme, Christine Zumkeller, to make a presentation to the Board on the resource requirements for planned activities in 2004-2005 as well as on the status of income to date.



51. The Board took note of the presentation and agreed on the need to call on Parties for continued contributions in 2004-2005 for the prompt start of the CDM, to be made to the UNFCCC Trust Fund for Supplementary Activities, with a view to ensuring the continuation and sustainability of work.

52. The Board requested the secretariat to convene a joint workshop for the Board and members of the CDM-AP, CDM-AT and Meth Panel in the second half of 2004 and invited special contributions from Parties to finance this event.

Agenda sub-item 4 (d): Relationship with intergovernmental and non-governmental organizations (registered accredited observers)

53. The Board met with registered observers for informal briefings on 26 March 2004 and agreed to continue with such meetings in the afternoon of the last day of its future meetings, unless otherwise indicated. These meetings are available on webcast.

Agenda sub-item 4 (c): Other business

(i) Schedule of Board meetings in 2004

54. The Board agreed on the dates of its meetings of 2004 (see annex 2 of this report). The Board agreed to hold its fourteenth meeting from 13 to 14 June 2004 in Bonn, Germany.

55. The Board agreed on the provisional agenda for its fourteenth meeting as contained in annex 3 of this report and invited comments before 17 May 2004.

56. The Board further agreed to continue to meet with the same type of arrangement as at its thirteenth meeting, with space being made available for 50 observers, and to reconsider the issue when necessary. Observers to the fourteenth meeting of the Executive Board shall have registered with the secretariat by 24 May 2004, no later than 17:00 GMT.

(ii) Coordination (joint) workshop for the Board and Panel members as well as members of the CDM-AT

57. The Board agreed that the joint workshop shall be held on 3 and 4 September 2004.

Agenda item 5. Conclusion of the meeting

58. The Chair summarized the main conclusions.

Agenda sub-item 5 (a): Summary of decisions

59. Any decisions taken by the Board shall be made publicly available in accordance with paragraph 17 of the CDM modalities and procedures and with rule 31 of the rules of procedure of the Executive Board.

Agenda sub-item 5 (b): Closure

60. The Chair closed the meeting.