

**Agenda item 3 f and 3 g**

Paragraphs 70 and 74 of the annotated agenda

# Continuing and real actions

**CDM EB 60**

Bangkok, Thailand, 11-15 April 2011



***UNFCCC secretariat***

SDM programme

# Background

---

- The Board at its 49<sup>th</sup> meeting (Annex 22) adopted the guidance on the prior consideration of the CDM.
- Under this guidance:
  - For project activities with a starting date on or after 02 August 2008, the PP must inform a Host Party DNA and the UNFCCC secretariat in writing of the commencement of the project activity and of their intention to seek CDM status.
  - Such notification must be made within six months of the PA start date.
  - Such notification is not necessary if a PDD has been published for global stakeholder consultation or a new methodology proposed to the EB for the specific project before the project activity start date.
  - When validating a project activity with a start date on or after 2 August 2008, DOEs shall ensure by means of confirmation from the UNFCCC secretariat that such a notification had been provided.



# Background

---

- Further:
  - For project activities with a start date before 2 August 2008, for which the start date is prior to the date of publication of the PDD for global stakeholder consultation, are required to demonstrate that the CDM was seriously considered in the decision to implement the project activity (para 6).
  - Para 6 (a) requires the PP must indicate awareness of the CDM prior to the project activity start date, and that the benefits of the CDM were a decisive factor in the decision to proceed with the project.
  - Para 6 (b) requires the PP to indicate, by means of reliable evidence, that continuing and real actions were taken to secure CDM status for the project activity in parallel with its implementation.
  - Para 8 defines the acceptable time gap between, and the nature of the documented evidence, actions taken to secure the CDM status.



# Background

---

- In undertaking assessment of continuing and real actions to secure the CDM status, in accordance with EB 49 Annex 22, it appears that for some cases the real and continuing actions may be neither continuing nor real.
- For example, CDM consultancy contracts appears to have been used to fill the gap between two continuing and real actions even though it appears that there is no action under each contract.
- In line with para 17 of the new review procedure (EB 55, Annex 40), secretariat would like to bring this issue to the attention of the Executive Board.
- The Executive Board may wish to further strengthen the “Guidelines on the demonstration and assessment of prior consideration of the CDM” (EB 49, Annex 22).

# Observation....

---

- During assessment of continuing and real actions taken to secure CDM status, in accordance with EB49, Annex 22, paragraph 8 for registration cases submitted by particular DOEs, the secretariat has observed the following:
  - project starting dates are in 2004-2005;
  - validation starting in 2008-2009;
  - most of them operational since 2006-2007.

# Observation....

---

- To cover the gap of more than two years between two continuing and real actions (EB 49, Annex 22, paragraph 8.b), the evidences provided by the PP/DOE are signing and cancellations of various CDM consultancy contracts.
- It is observed that for such cases, the CDM consultancy contracts have been signed and cancelled with the same 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> CDM consultants without clear products/outputs.
- For the majority of these cases, the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> consultants are same;
- The appearance of the same 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> CDM consultants for these projects raises concern on the reliability and credibility of the evidences validated and presented by the DOEs.

# Observation....

---

- Against the above background, it appears that CDM consultancy contracts, without clear products/outputs, are used to fill the gap between two continuing and real actions to secure the CDM status, in accordance with paragraph 8, Annex 22, EB 49 report.
- To minimize this, the Executive Board may wish to consider further strengthening the “Guidelines on the demonstration and assessment of prior consideration of the CDM” (EB 49, Annex 22).



# For EB to consider....

---

- Based on the above mentioned observations:
  - The Board may wish to further strengthen the guideline on prior consideration of CDM (EB 49, Annex 22).
  - The Board may advise the secretariat to come up with the revised guideline in it's future meeting with additional provisions on further strengthening the prior consideration guideline.