



Annex 23

GUIDANCE FOR THE DEVELOPMENT, REVISION AND CONSOLIDATION OF STANDARDS AND PROCEDURES RELATED TO THE CDM PROJECT CYCLE

(Version 01)

I. Background

1. One of the objectives of the 2-year business plan of the clean development mechanism (CDM) adopted by the CDM Executive Board (hereinafter referred to as the Board) at its fifty-ninth meeting is for greater efficiency in the operation of the CDM. The Board considered various streamlining proposals described in the “Information note on the update on 2010 project assessments and implementation of procedures for registration, issuance and reviews” at its fifty-eighth meeting. A deeper analysis of those proposals are contained in the “Assessment report on project cycle operations”, as annex 5 to the annotated agenda of the Board’s sixty-first meeting.

II. Streamlining approaches

2. The Board considered the proposals presented in the assessment report and agreed the consolidated project cycle procedures should:

- (a) Merge existing processes for post-registration issues into the request for issuance process;
- (b) Incorporate risk-based approach for assessment of project submissions.

A. Merging processes into the request for issuance procedure

3. The Board agreed to request the secretariat to:

- (a) Further analyze the history of revision of monitoring plan and deviation cases in order to provide more appropriate guidance to project participants and DOEs, via the planned project standard and validation and verification standard, to reduce the need for temporary deviations.
- (b) Merge, by means of clear requirements in the relevant standards and procedures, the following processes into the issuance process:
 - (i) Revisions to the monitoring plan and requests for deviations for which a clear standard has been established in accordance with sub-paragraph (a) above;
 - (ii) The “Notifications” category from the “Procedures for Notifying and Requesting Approval of Changes from the Project Activity as described in the Registered Project Design Document”.
- (c) Create a new procedure, and associated standard, consolidating and replacing the existing procedures related to post-registration matters, to allow designated operational entities (DOEs) to request the following amendments to and deviations from the registered project design document (PDD) where such requests would require prior approval before requesting issuance;
 - (i) Changes from the project activity that may adversely affect additionality of the project activity; application and/or applicability of monitoring methodology; or scale of project activity;
 - (ii) Proposed changes from the project activity that have not yet been implemented;



- (iii) Revisions to the monitoring plan (including temporary and permanent deviations from the monitoring methodology) that cannot be addressed directly in the issuance;
- (iv) Changes in the start date of the crediting period;
- (v) Corrections to the registered PDD (i.e. factors or parameters established at validation).

B. Risk-based approach for project submissions

4. The Board agreed to request the secretariat to:
- (a) Implement a risk-based approach for registration and issuance submissions with its two components: sampling and targeted assessments;
 - (b) Further analyze historical data to define the full-range of appropriate risk indicators and indices with the assistance of expert statisticians;
 - (c) Develop guidelines on how to:
 - (i) Determine the level of risk and classify submissions;
 - (ii) Update the classification system to adapt to new situations and arising issues.

III. Implementation actions

5. For the two approaches above, the Board requested the secretariat to:
- (a) Draft appropriate requirements, procedures and/or guidelines and incorporate these into the ongoing work on the “Validation and Verification Standard”, “Project Standard”, “Project Cycle Procedure” and standardization of validation and verification templates.¹
 - (b) Outreach to stakeholders and identify training needs to educate them on the new requirements prior to the implementation of the changes (including re-training of secretariat staff);
 - (c) Develop the information technology (IT) requirements and procure the necessary IT commitment schedule for implementing any required system changes.

History of the document

Version	Date	Nature of revision
01	EB 61, Annex 23 3 June 2011	Initial Adoption
Decision Class: Operational, Regulatory Document Type: Information Note Business Function: Registration, Issuance		

¹ It should be noted that the guidelines described in paragraph 4(c) related to the operationalization of the risk-based approach will be outputs separate from these four efforts.