

Agenda item 3 f

Paragraph 64 of the annotated agenda

Policy Discussion

Guidelines on the demonstration and assessment of prior consideration of the CDM

CDM EB 61

Bonn, Germany, 30 May to 3 June 2011



Background to the Information Note

- At EB 59, the secretariat presented its experience while assessing cases with respect to the continuing and real actions taken by the project participants to secure the CDM status in parallel with the implementation of the project activity
- At EB 60, the Board requested the secretariat to further assess options to revise and strengthen the guidelines to be considered by the Board at a future meeting
- To determine the need for further guidance, the secretariat assessed whether the projects in the CDM pipeline are likely to face similar issues on real and continuing action as observed in some registered projects

Framework of analysis

- The analysis considers projects with start date before 02 August 2008 (projects starting on or after 02 August 2008 are not covered by the guidance), and projects where the global stakeholder consultation was not started within 2 years of the project start date.
- Based on the above criteria, the secretariat has looked at two categories of projects:
 - *Category 1* - projects for which validation have been completed and requests for registration have been submitted
 - *Category 2* - includes projects for which validation is ongoing but requests for registration have yet to be submitted:
 - (a) Projects for which the global stakeholder consultation is on-going; and
 - (b) Projects for which the global stakeholder consultation has been concluded but the requests for registration are not yet submitted

Criteria for selection of projects analyzed

- **Category 1 (validation completed and requests for registration submitted)**
 - As of mid-May 2011, there were 130 projects; the secretariat checked 100 projects and found 48 with a start dates before 02 August 2008 and where GSC was not completed within two years of the project start date. The analysis covers all of these 48 projects.
- **Category 2(a): (global stakeholder consultation on-going);**
 - As of mid-May 2011, there were 130 projects; the secretariat has checked all of these 130 projects.
- **Category 2(b): (GSC concluded but requests for registration not yet submitted)**
 - As of mid-May 2011, there were 1,216 projects; sampling was done considering the frequency of projects by host country and methodology - the secretariat checked 31 projects using ACM0002 from China, 14 projects using AMS- I.D from India, 2 projects from Indonesia, 3 projects from Thailand 2 projects from the Philippines and 6 projects from Vietnam, for a total of 58 projects.



Distribution of CDM projects under Category 2(b)

By country	No of Projects	% Share	By methodology	No of Projects	% Share
China	527	43.34%	ACM0002	329	27.1%
India	329	27.06%	AMS I-D	303	24.9%
Other countries	360	29.61%	Other methodologies	584	48.0%
Total Projects	1216	100.00%	Total Projects	1216	100.0%

Criteria for identifying projects with potential issues on real and continuing action

- To quantify the number of projects that could have potential issues on real and continuing action, the secretariat looked at two key issues:
 - a) The time gap between project start date and start of validation for all projects that were examined under each category
 - b) The quality of evidence for the actions used to fill in the gaps, i.e., the nature of the actions and the results of the actions.
- If validation did not start within 2 years of the project start date and if the actions used to fill in the gap of more than two years do not indicate tangible results or outputs that would lead towards securing CDM status for the project, the project was identified as potentially facing issues on real and continuing actions taken to secure CDM status for the project.

Summary of findings: Projects with potential issues

Status	No. of Projects ¹	No. of Projects checked/ sampled	No. of Projects w/ potential issues
1. Projects with request for registration submitted	48	48	13
2. Projects under validation/ requests for registration not yet submitted			
2(a) Projects with global stakeholder consultation ongoing	130	130	27
2(b) Projects w/ global stakeholder consultation concluded	1,216	58	31
¹ Projects considered are only those with starting date before Aug. 2, 2008 and have not commenced validation within two years from the project start date			

Common “Gap-fillers”

1. *CDM consultant contract signed with "company ABC"*
2. *Termination of CDM consultant contract signed with "company ABC" due to "slow progress / under performance from consultant"*
3. *2nd CDM consultant contract signed with "company XYZ" due to "slow progress from company ABC"*
4. *Lol signed for ERPA with "company DEF"*
5. *ERPA signed with "company DEF"*
6. *Termination of ERPA with "company DEF"*
7. new ERPA signed with "company FGH"
8. local stakeholders consultation
9. Memorandum of Understanding (MoU) among different project participants ("individual roles defined") or Minutes of meetings

Note: Events marked in *italics* are those that often lack clear deliverables or other signs of progress



Summary and expected guidance from the EB

- There is a large number of project in the CDM pipeline that could potentially have issues on compliance with the guidance on real and continuing action in line with EB 49, Annex 22, para. 8(b).
- The recurring pattern of actions used to fill the gap of more than two years are similar to what has been observed from registered projects in the past that were presented at EB 59, suggesting that issues regarding real and continuing action of projects will continue to be a concern going forward
- Based on these findings as well as those presented at EB59, the Board may wish to request the secretariat to prepare options for revised guidance for discussion and adoption at a future meeting

