

## Agenda item 3 e

Paragraph 33 of the annotated agenda

# GUIDELINES ON THE DEMONSTRATION AND ASSESSMENT OF PRIOR CONSIDERATION OF THE CDM

CDM EB 62

Marrakesh, Morocco, 11-15 July 2011



## Background to the Information Note

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- **At EB 59**, the secretariat presented its experience from cases with respect to continuing and real actions to secure the CDM status in parallel with the implementation of the project activity, in line with EB49 Annex 22 paragraph 8(b)
- **At EB 60**, the Board requested the secretariat to further assess options to revise and strengthen the guidelines for the demonstration and assessment of prior consideration of the CDM
- **At EB 61**, the Board took note of the secretariat's further assessment and also requested the secretariat to investigate whether potential issues are tied to the performance of specific DOEs. The Board also requested the secretariat to further assess options for revising and strengthening the existing guidelines for demonstration and assessment of prior consideration to be considered at a future meeting



## Observations

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- 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 and EB60, suggesting that issues regarding real and continuing action of projects will continue to be a concern going forward
- Potential issues with respect to real and continuing action are not isolated to any particular DOEs



## Potential Issues and DOEs

	Projects with reg. request submitted	Projects with GSC ongoing	Projects with GSC concluded	Total
BVC		8	6	14
Deloitte		2		2
DNV	3	2	13	18
German Lloyd		1		1
JACO	1			1
JCI	3	1		4
KEMCO	1		1	2
KSA	1			1
RINA		5		5
SASC		1		1
SQS		1		1
TÜV NORD	2	1		3
TÜV Rhein	1	2		3
TÜV SÜD	1	3	11	15



## Proposed Changes

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Board may wish to further revise the provisions as contained under paragraphs 7 and 8 of Annex 22 of the forty-ninth meeting (EB49) report as follows:

**Paragraph 7:** Assessment of real and continuing actions shall be validated by the DOE and the validation should focus on real documented evidence as indicated in paragraph 6 (b), including an assessment by the DOE of the authenticity of the evidence. **Further, if the documented evidence refers to contracts with consultants for CDM/PDD/methodology services as well as Emission Reduction Purchase Agreements (ERPA) or other documentation related to the sale of the potential CERs, the DOE needs to demonstrate that engagements of such entities have produced tangible results or deliverables such as draft PDD, ERPA and draft new methodologies.**

## Proposed Changes - Continued

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**Paragraph 8:** In validating proposed CDM project activities where:

- (a) There is less than 2 years of a gap between the documented evidence, the DOE shall conclude that continuing and real actions were taken to secure CDM status for the project activity;
- (b) The gap between documented evidence is greater than 2 years and less than 3 years, the DOE may validate that continuing and real actions were taken to secure CDM status for the project activity and shall justify any positive or negative validation opinion based on the context on the evidence and information assessed;
- (c) The gap between documented evidence is greater than 3 years, the DOE shall conclude that continuing and real actions were not taken to secure CDM status for the project activity; and
- (d) A PDD has not been published for global stakeholder consultation or a new methodology has not been proposed within [three years] of the project activity starting date, the DOE shall conclude that continuing and real actions were not taken to secure the CDM status for the project activity.**

