



Date: 26 October 2011

Ref: CDM-EB-64

**EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM
SIXTY-FOURTH MEETING**

Report

Date of meeting: 24–26 October 2011

Location: Bonn, Germany

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

Members	Alternates
Mr. Pedro Martins Barata ¹	Mr. Lex de Jonge ¹
Mr. Maosheng Duan ¹	Ms. June Hughes ¹
Mr. Philip M. Gwage ¹	Mr. Paulo Manso ¹
Ms. Diana Harutyunyan ¹	Ms. Danijela Bozanic ¹
Mr. Martin Hession ²	Mr. Thomas Bernheim ²
Mr. Victor Kabengele ²	Ms. Fatou Gaye ²
Mr. Shafqat Kakakhel ²	Mr. Hussein Badarin ²
Mr. Kazunari Kainou ²	Mr. Peer Stiansen ²
Mr. Clifford Mahlung ¹	Mr. Asterio Takesy ¹
Mr. Daniel Ortega Pacheco ²	Mr. Raúl Castañeda ²

¹ Term: Two years (term of service ends immediately before the first meeting in 2012)

² Term: Two years (term of service ends immediately before the first meeting in 2013)

NB: The term of service of a member, or an alternate member, starts at the first meeting of the Executive Board in the calendar year following his/her election and ends immediately before the first meeting of the Executive Board in the calendar year in which the term ends (see Rules of procedure of the Executive Board).

Quorum (in parenthesis required numbers): **10** (7) members or 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://cdm.unfccc.int/EB/Meetings>>.

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Agenda item 1. Agenda and meeting organization

Agenda sub-item 1.1. Quorum

1. Mr. Martin Hession, Chair of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), opened the meeting and asserted that the quorum requirement was met.
2. The Board noted that Ms. June Hughes, Ms. Diana Harutyunyan and Mr. Hussein Badarin were unable to attend the meeting. Members have provided proper justification. The Board welcomed Mr. Raúl Castañeda to his first meeting of the Board.

Agenda sub-item 1.2. Adoption of the agenda

3. The Board adopted the agenda of the meeting.

Agenda sub-item 1.3. External input to matters on the agenda of the meeting

4. The Board considered two (2) external inputs to the annotated agenda of the sixty-fourth meeting of the Board, received from the call for public inputs in accordance with the “Modalities and procedures for direct communications with stakeholders”. The Board thanked the stakeholders for the useful inputs.
5. The Board took note of the inputs to the annotated agenda reported by the Chair of the CDM DOE/AIE Coordination Forum, Mr. Werner Betzenbichler, who elaborated the input provided by entities on the following:
 - (a) Policy dialogue;
 - (b) Implementation plans for standards and procedure;
 - (c) Procedure for addressing significant deficiencies in past validation, verification or certification reports.
6. The Chair of the forum expressed its interest in participating in the process of the policy dialogue. Mr. Betzenbichler informed the Board about the difficulties of setting specific dates for implementation of the standards. He also elaborated on issues related to the procedure for addressing significant deficiencies, for example definitions which remain unclear and may lead to diverging interpretations, the establishment of fines in case of excess issuance and a cap for liability, and the recommendation for a constructive and cooperative approach on the appeals process, as it may have a great impact on the work of the DOEs.
7. The Chair of the Board thanked Mr. Betzenbichler for the input and encouraged the forum to continue to raise issues related to the annotated agenda.

Agenda item 2. Governance and management matters

Agenda sub-item 2.1. Membership issues

8. The Board considered information provided by members and alternate members with respect to any potential conflict of interest. The statements on conflict of interest from members and alternate members can be viewed on the UNFCCC CDM website at <http://cdm.unfccc.int/EB/index.html>.

Agenda sub-item 2.2. Strategic planning/direction

9. The Board agreed to the terms of reference for the policy dialogue on the CDM as contained in [annex 1](#) to this report. The Board agreed to launch the policy dialogue at the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its seventh session in Durban, South



Africa. The Board considered issues to be included in the dialogue and agreed to launch a call for public inputs on the scope of the dialogue. The call will be open from **27 October 2011** until **16 January 2012**. The summary of the inputs will be shared with the panel that will conduct the dialogue and will be considered by the Board at its sixty-sixth meeting. The Board further agreed that the Chair of the Board and the Executive Secretary of the UNFCCC will invite potential members to join the panel, in consultation with members and alternate members of the Board.

10. The Board discussed the possible elements of the new vision statement for the Board and requested the secretariat to include a draft new vision statement in the draft business plan for consideration by the Board at its next meeting.

Agenda sub-item 2.3. Matters related to the Board and its support structure

11. The Board agreed to its annual report to the seventh session of the CMP, which covers the period from 15 October 2010 to 26 October 2011, and requested the secretariat to finalize the report in cooperation with the Chair of the Board in order to include the outcomes of the sixty-fourth meeting of the Board. Once the report is complete, it will be posted on the UNFCCC and UNFCCC CDM websites accordingly.

12. The Board took note of the status of the work done regarding the translation of CDM documentation into the United Nations official languages and requested the secretariat to expedite the process.

Agenda sub-item 2.4. Management plan

13. The Board took note of the assessment of compliance with indicative timelines set by the Board and requested the secretariat to continue to report on all processes. The Board also considered information on how the secretariat plans to ensure that the registration and issuance assessments will be processed within the relevant timelines and noted that future information will be provided in revisions of the business and management plans.

14. The Board took note of the report on the status of resources and status of the secretariat's recruitment as reflected in annex 4 of the annotated agenda of the sixty-fourth meeting of the Board. It was noted that the total income generated up to 30 September 2011 amounted to USD 93,784,597, which includes the carry-over from 2010 of USD 38,045,707. The Board further noted that figures for fees for the period from 1 January to 30 September 2011 were also provided, indicating an income of USD 17,669,110 from registration fees and USD 37,812,590 from shares of proceeds. The Board also noted the data contained in the same annex regarding the current and advanced status of recruitment.

15. The Board took note of an update on the status of deliveries by the Board and its support structure included in the CDM management plan (CDM-MAP) for 2011 and the CMP mandates provided to the Board.

Agenda item 3. Rulings (case-specific matters)

Agenda sub-item 3.1. Registration

16. In accordance with the procedures for review, as referred to in paragraph 41 of the CDM modalities and procedures, the Board considered one (1) request for renewal of a crediting period which was placed "Under review" at the fifty-sixth meeting of the Board.

17. With regard to the request for renewal of crediting period for project activity "HFC Decomposition Project in Ulsan" (0003) submitted by the DOE (DNV), the Board was not able to reach an agreement and decided to continue its deliberations on the request at its sixty-fifth meeting.

**Agenda item 4. Regulatory matters****Agenda sub-item 4.1. Standards/tools**

18. The Board approved the implementation plan for standards for programme of activities (PoAs), as contained in annex 2 to this report.

19. The Board considered the proposed implementation plan for the CDM project standard (PS) and the CDM validation and verification standard (VVS). The Board agreed to the list of documents that would need to be withdrawn, revised and newly developed to operationalize the PS and VVS, and requested the secretariat to commence the work on revising and developing relevant documents. In this regard, the Board agreed to the following priorities:

- (a) Consider for adoption at its sixty-fifth meeting:
 - (i) The draft PS and VVS;
 - (ii) The draft revised project design document (PDD) form and the draft revised guidelines for completing the PDD form for large-scale project activities;
 - (iii) The draft revised CDM glossary of terms;
- (b) Consider for adoption all other revised and new documents at its sixty-sixth meeting.

20. The Board also requested the secretariat to revise the implementation plan for consideration by the Board at its sixty-fifth meeting, and to include in it arrangements to effectively transition to the new provisions introduced by the PS and VVS.

21. The Board considered information on the source for each provision in the draft PS and VVS and requested the secretariat to report to the Board at its sixty-fifth meeting on the following:

- (a) The drafting principles used to develop the draft PS and VVS;
- (b) How issues raised by the Board were taken into account in the revised draft PS and VVS;
- (c) The outcomes of the editorial review to improve the clarity and consistency of provisions in the revised draft PS and VVS.

Agenda sub-item 4.2. Procedures

22. The Board considered the proposed implementation plan for the CDM project cycle procedure (PCP). The Board agreed to the list of documents that would need to be withdrawn, revised and newly developed to operationalize the PCP, and requested the secretariat to commence the work on revising and developing relevant documents. In this regard, the Board, in addition to the priorities referred to in paragraph 19 above, agreed to consider the draft PCP for adoption at its sixty-fifth meeting.

23. The Board also requested the secretariat to revise the implementation plan for consideration by the Board at its sixty-fifth meeting, and to include in it arrangements to effectively transition to the new provisions introduced by the PCP.

24. The Board considered information on the source for each requirement in the draft PCP and requested the secretariat to report to the Board at its sixty-fifth meeting on the following:

- (a) The drafting principles used to develop the draft PCP;
- (b) How issues raised by the Board have been taken into account in the revised draft PCP;
- (c) The outcomes of the editorial review to improve the clarity and consistency of provisions in the revised draft PCP.



25. The Board considered the draft procedure for addressing significant deficiencies in past validation, verification or certification reports and agreed on main elements to be included in a modified draft. This modified draft is contained in [annex 3](#) to this report and will be annexed to the annotated agenda of the next meeting. The Board agreed to continue considering this draft procedure at its next meeting, taking into account public comments to be received through the usual call for inputs to the annotated agenda. Therefore, the Board invited stakeholders to provide comments to this draft through this call.

26. The Board agreed to the revised “Procedure for review of requests for issuance of CERs”, as contained in [annex 4](#) to this report, to clarify the issue in one of the letters submitted to the Board in accordance with paragraph 32 below.

Agenda sub-item 4.3. Policy issues

27. The Board considered the summary of the public inputs received in response to the call launched on the implementation of local and global stakeholder consultation during the validation process and requested the secretariat to provide recommendations to the Board, at the earliest possible opportunity, on how to incorporate the proposals received into the revised project cycle documentation and additional guidelines as appropriate. The Board requested the secretariat to take into account the issues specified in paragraph 119 of the report of the sixth-third meeting of the Board.

28. The Board considered the information on the existing practices regarding the process of launching calls for public inputs and requested the secretariat to provide a document outlining the process for launching calls for inputs by the Board, including calls relating to proposed new or revised methodologies and top-down methodologies, for consideration by the Board at a future meeting. The Board further agreed that the process should be efficient and transparent, improving communication with stakeholders and maximizing the technical capacity being utilized in finalizing policy proposals and methodologies.

29. The Board took note of issues raised by Board members regarding the assessment of additionality, in particular investment analysis for large-scale projects, and public sector investment decisions.

Agenda item 5. Relations with forums and other stakeholders

Agenda sub-item 5.1. Designated National Authorities

30. The Board took note that the next DNA Forum meeting will be held on 26–27 November 2011, in Durban, South Africa.

Agenda sub-item 5.2. Designated Operational Entities

31. The Board took note of the report on the status of activities of the DOE/AIE Coordination Forum and that a meeting will be held on 27 October 2011 in Bonn, Germany.

Agenda sub-item 5.3. Communications and activities with stakeholders

32. The Board considered the following letters from stakeholders submitted to the Board:

- (a) “Query on the calibration requirement for the electric meter that is used to measure the imported electricity amount” from Mr. Jung Young Geon. The Board requested the secretariat to prepare a draft revision of the relevant guideline to address the concern raised;
- (b) “Letter concerning delays in the publication of rejection reasons” from Mr. Leo Perkowski. The Board agreed to the revised procedure referred to in paragraph 26 above;
- (c) “Clarification regarding Project KKSL Lekir Biogas Project, Project BCM07_SLK_14” from Mr. Maik Barth. The Board noted that the issues raised should be addressed with the ultimate adoption of the procedure referred to in paragraph 22 above.

**Agenda sub-item 5.4. Interaction with registered observers**

33. The Board met with registered observers for an informal interaction on the last day of the meeting 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.

34. The observers to the meeting highlighted the following issues:

- (a) The treatment of DOE costs in relation to the procedure for addressing significant deficiencies in past validation, verification or certification reports;
- (b) The applicable procedures in cases where project participants believe that requests for registration have been incorrectly rejected;
- (c) How letters from stakeholders will be considered at future meetings of the Board;
- (d) The involvement of observers in the launch of the policy dialogue.

35. The Board further agreed to continue to meet with the same type of arrangement and to reconsider the issue when necessary. Observers to the sixty-fifth meeting of the Board shall have registered with the secretariat by **31 October 2011**. In order to ensure proper security and logistical arrangements, the Board emphasized that this deadline will be strictly enforced by the secretariat.

Agenda item 6. Other matters

36. The Board requested the secretariat to develop a proposal for signage to be used in CDM project activities on a voluntary basis and present it to the Board at a future meeting.

37. The Board agreed on the provisional agenda for its sixty-fifth meeting, to be held in Durban, South Africa, on 21–25 November 2011, as contained in [annex 5](#) to this report.

Agenda item 7. Conclusion of the meeting

38. The Chair summarized the main conclusions.

39. The Chair closed the meeting.

40. 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 Board.



Annexes to the report

Governance and management matters

Annex 1 - Terms of reference for the policy dialogue on the CDM (version 01.0)

Standards/tools

Annex 2 - Implementation plan for standards for programme of activities (version 01.0)

Procedures

Annex 3 - Draft procedure for addressing significant deficiencies in past validation, verification or certification reports

Annex 4 - Procedure for review of requests for issuance of CERs (version 02.0)

Other matters

Annex 5 - Provisional agenda for the sixty-fifth meeting of the CDM Executive Board