

Clarifications/guidance related to the accreditation of operational entities by the Executive Board of the CDM

This document is published for convenience only. The purpose of this document is to trace clarifications and guidance issued in addition to the “Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (CDM)” (CDM-ACCR01).

No.	Issue area	Clarification/guidance	Origin EB/AP	Reflected in P-CDM-ACCR01 since version ¹
1	Application	Applicant operational entities from non-Annex I Parties may have the possibility of paying 50% of the non-reimbursable fee when the entity apply for accreditation, provided that these entities state their inability to pay the full fee at application, bearing in mind the need to meet the standards as contained in para 1 (c) and (d) of Appendix A to the CDM M&P. The remaining 50% of the fee should be paid at a later stage once and if the operational entity is accredited and designated and starts operation.	EB	----
2	Indicative level of fee	The CDM accreditation panel has developed a table of indicative level of fees to be paid for different steps of assessment. The table has been developed bearing in mind the need to keep the costs of accreditation as low as possible while ensuring high quality of work and commitment of team members. The fees apply unless a team leader makes a motivated request to the CDM-AP that more time is required and the CDM-AP agrees to such a request.		
3	Requirement	Taking into consideration the legal status of the AEs and application procedures, the CDM-AP clarified that the CDM-AP is only authorized to accept the application from a legal entity but not from a section thereof. The CDM-AP is only authorized to accept the application from a person who is formally authorized to represent the legal entity.	AP	----
4	Application	An AE which indicates a change of (i) the list of sectoral scopes it applied for (addition or subtraction), (ii) its legal status or (iii) the ownership of the entity will not be charged any additional fee, if the AE indicates the change before the CDM assessment team (CDM-AT) members have signed the confidentiality and non-disclosure agreement (F-CDM-CA). If the change is indicated after this step but before the coordination of the on-site assessment (paragraphs 33 and 34 of the procedure), the AE will be charged a fee equivalent to two days of standard daily fee of a CDM-AT member 2 to cover additional work by the team leader and additional operational costs. If the change is only indicated after the start of the on-site assessment of the entity, the case shall be considered as a new application requiring the payment of the non-reimbursable application fee.	EB	----

¹ “----“ = Clarification/guidance has been circulated through written/e-mail communication prior to the first version of this document dated 23 November 2003

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		<p>There will be no additional charges if an AE changes its name in the course of accreditation process provided its legal status remains unchanged. An entity indicating a change of name shall submit a letter/declaration on official letterhead, signed by the responsible official, stating the new name of the entity, the date at which it becomes effective and declaring that the change of name does not affect its legal status.</p> <p>Date: 16-17 October 2003 (Eleventh meeting of the CDM Executive Board)</p>		
5	Requirement / Role	<p>The Board agreed to the following clarification regarding tasks to be undertaken by a DOE if it has determined, in accordance with paragraph 38 of the CDM M&P, that the project activity intends to use a new baseline or monitoring methodology: the DOE shall check whether documents are complete and forward, without further analysis, the new methodology to the Board for its review and approval. After approval of the new methodology by the Board, the same DOE, or another DOE, shall undertake the validation of the project activity in accordance with the CDM M&P. (Seventh meeting of the CDM Executive Board)</p>	EB	----
6	Requirement	<p>In accordance with the following provisions stipulated in the CDM modalities and procedures:</p> <p>27. A designated operational entity shall:</p> <p>(d) Demonstrate that it, and its subcontractors, have no real or potential conflict of interest with the participants in the CDM project activities for which it has been selected to carry out validation or verification and certification functions.</p> <p>2. An applicant operational entity shall meet the following operational requirements:</p> <p>(a) Work in a credible, independent, non-discriminatory and transparent manner, complying with applicable national law and meeting, in particular, the following requirements:</p> <p>(i) An applicant operational entity shall have a documented structure, which safeguards impartiality, including provisions to ensure impartiality of its operations;</p> <p>(ii) If it is part of a larger organization, and where parts of that organization are, or may become, involved in the identification, development or financing of any CDM project activity, the applicant operational entity shall:</p> <p>- Make a declaration of all the organization's actual and planned involvement in CDM project activities,</p>	AP	----

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		<p>if any, indicating which part of the organization is involved and in which particular CDM project activities.</p> <p>The CDM-AP clarifies that: The AE, including its subcontractors, shall not be involved in the CDM project activity including consultancy, at any stage/time, for which it has been selected to carry out validation and/or verification functions.</p> <p>The word “it” in paragraph 2 (ii) of ‘standards for the accreditation of operational entities’ shall be understood as “the AE” but not as a section with in the AE.</p>		
7	Requirements	Clarification on validation requirements to be checked by a designated operational entity: EB 08 report (Annex 3)	EB	----
8	Application / Role	Clarification on phased accreditation: EB 09 report (Annex 2)	EB	----
9	Application procedure	<p>The CDM-AP, at its sixth meeting, agreed that it is the team leader, in consultation with his team, who is to identify in the desk review which documentation is missing (not adequate) and therefore should be provided by the applicant entity. The team leader and the team members shall be guided by the principle that adequate documentation required by the standard shall be provided prior to the on-site assessment; other clarifications and supporting documentation may wait until on-site assessment, when the applicant entity will be obliged to provide them.</p> <p>The applicant entity will be informed, through the secretariat of the missing documentation, and will have a deadline of 10 working days to sent documentation, which is required prior to the on-site assessment. If the AE does not provide such documentation, the on-site assessment will be planned and carried out in accordance with the procedure, however, adequate time will be allocated at the on-site assessment to study missing required documentation on-site. This shall provide a great incentive for the applicant entity to submit the missing documentation in time. It is hoped that the desk review report finalized by the Team and submitted to the Secretariat by the Team Leader will specify the details of missing documentation that should be provided before on-site and those that the applicant entity could provide at on-site, in accordance with the above guiding principle. This will enable the Secretariat to be able to inform the applicant entity appropriately.</p>	AP	----
10	Requirements	<p>Taking into consideration the geographical activity of the AEs, the CDM-AP provides the clarification: The CDM-AT shall assess the AEs policy and procedure which ensure confidence in activities to be carried out outside of the office/premises that subject to on-site assessment.</p> <p>The premises of the AE which are assessed shall have documented internal procedures for carrying out</p>	AP	----

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		its functions in any region it chooses to operate and a management structure that has overall responsibility for performance and implementation of the functions; including all decisions on items (a) through (h) of paragraph 27 of section E of the CDM modalities and procedures. It shall not delegate its responsibility to others, including its branch office or sub-contracted organization(s).		
11	Role	<p>The Board agreed that AEs which handle proposed new methodologies should meet the following requirements:</p> <ol style="list-style-type: none"> 1. A CDM assessment team (CDM-AT) has been assigned to the AE (i.e. the CDM-AP has undertaken a preliminary consideration of the AE and the AE has agreed to the composition of the CDM-AT), and 2. The AE maintains documentary evidence (e.g. a procedural report) for each new methodology submitted to the EB. 	EB	----
12	Witnessing	<p>Implications of recent decisions of EB regarding approval of a new methodology: Combining on-site assessment with witnessing is only possible after approved methodologies are available (will be reflected in work plan approved by AP and noted to AE in accordance with the procedure for accreditation of operational entities).</p> <p>Number of witnessing: The accreditation procedure provides for grouping of witnessing activities by the CDM-AP (i.e group several sectoral scope(s) into one group for the purpose of witnessing) In the case of grouping, one witness activity may be carried for that group on the basis of one project activity. The AT shall select a project activity within the opportunities proposed by the AE on any of the sectoral scopes in the group that it believes will give the AT members confidence that there is no need to witness the remaining sectoral scopes within the group. If after witnessing the CDM-AT is not satisfied that this witnessing is representative of the group additional witness activities could be proposed by the AT and should be decided by the CDM-AP.</p> <p>Size of projects that shall be the basis for witnessing: At least one large project activity shall be the basis for witnessing per application. The CDM-AT shall have the liberty to decide in which sectoral scope(s) or group of sectoral scopes it shall witness a large project activity.</p> <p>Accreditation on the basis of witnessing of small scale project activities only: At least one witnessing activity for validation shall be on the basis of a full scale project activity. The number of small scale project activities versus large scale will be decided case by case.</p>	AP	----
13	Witnessing	The witnessing of validation, referred to in the accreditation procedure, shall cover functions up to the submission of a validation report.	EB	----

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		<p>The validation report shall be submitted to the CDM-AT, through the secretariat.</p> <p>The CDM-AT shall consider this report as part of its witnessing evidence which is submitted to the CDM-AP as part of the final report of the CDM-AT.</p> <p>An applicant entity shall be accredited before submitting a request for registration for a CDM project activity to the Board.</p> <p>Once accredited, the entity can submit, together with a request for registration, the validation report used successfully for the purpose of witnessing.</p> <p>Date: 16-17 October 2003 (Eleventh meeting of the CDM Executive Board)</p>		
14	Witnessing	<p>Explanation on purpose of witnessing:</p> <p>Witnessing activities provide the opportunity that the CDM-AT witnesses the performance of tasks by an applicant entity which relate to the scope of accreditation for which it has applied (or a group of sectoral scope(s)). The purpose of a witnessing activity is to assess whether an AE is implementing its tasks in line with its documented quality assurance policy and procedures, including its procedures for performing validation and verification and certification of CDM project activities within the scope applied for. Through witnessing activities the CDM-AT is reassured that not only the AE meets requirement not only in terms of documentation, procedures as well as human and organisational infrastructure but also when it is performing the functions. In accordance with the latest decision of the board, witnessing, in the case of validation, shall cover functions of a DOE up to the submission of the validation report. (annex 2 to the report of the eleventh meeting of the Board.)</p> <p>In accordance with the annex 2 to the report of the eleventh meeting of the Board, the substantive assessment by the AE is finally assessed by the Board, if, after accreditation of that AE, the then DOE decides to request registration of the project activity witnessed and submits the validation at registration. However, the validation report is part of the documentation submitted to the panel and the Board as part of the documentation which forms the basis of their decision making regarding accreditation.</p> <p>We would also like to highlight at this occasion that, in accordance with the clarification by the Board, the witnessing activities at the stage of validation, and, if appropriate, verification and certification,</p>	AP	----

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		may be undertaken by considering documentary evidence (e.g. a procedural report) provided by an AE on how validation or verification and certification has been performed.		
15	Witnessing/ Methodologies	<p>Methodologies linked to sectoral scopes:</p> <p>The link between a methodology and a sectoral scope is purely for the purpose of conducting witnessing opportunities whose purpose is to confirm conclusions of the on-site assessment regarding the operational skills of an applicable entity with regard to the scope. It shall be noted that in accordance with guidance by the Executive Board, one witnessing activity (witnessing an AE perform functions a proposed project applying a methodology linked to a sectoral scope) may serve to confirm conclusions for the sectoral scope(s) grouped in the work plan for the purpose of witnessing. The AE once accredited is authorized to function as DOE in the sectoral scope(s) for which the EB agreed to designate.</p>	AP	----
16	Witnessing opportunities	<p>Witnessing opportunities:</p> <p>The CDM-AP, noting that some AE are undertaking activities which they might wish to get recognized under the CDM accreditation process, decided to offer the following clarification: A CDM AT shall only choose/accept witnessing activities, identified by the AE, for which the AE has not yet started performing functions which are to be witnessed (i.e. The CDM-AT shall not use documentary evidence that has been collected prior to the date the CDM-AT identified a witnessing opportunity).</p>	AP	----
17	Witnessing opportunities	<p>Witnessing of Verification and certification:</p> <p>In accordance with the CDM modalities and procedures, a DOE may decide to undertake or not an on-site visit of a CDM project activity in order to perform verification functions. For the purpose of witnessing, a CDM-AT may only choose/accept opportunities, identified by the AE, where the AE would undertake an on-site visit of the CDM project activity in the context of verification/certification. This permits not only to witness the on-site capabilities of an AE but also the capacity for making such a decision. Such a witnessing activity may, if appropriate, be done on the basis of documentary evidence (see report of the 6th meeting of the Executive Board).</p>	AP	----
18	AT guidance	<p>Briefing Guide to be used by Team Leaders of Assessment Teams when communicating the 1st time with the correspondent Team Members.</p> <p>1. Purposes.</p>	AP	----

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		<p>To ensure, since the first contact, the establishment of a good communication in between the Team Leader and the Team Members of every CDM-AT.</p> <p>To enhance , since the beginning of the assessment of the assigned applicant and/or designated operational entity, an active, transparent and efficient participation of the whole AT in order to fulfil satisfactorily the requirements established in the Procedure for accrediting OEs and, therefore, ensure harmonized implementation of CDM accreditation process.</p> <p>2. Suggested Actions.</p> <p>To check that all Team Members know and understand the Revised Procedure for Accrediting OEs as well as the Requirements for Designated OEs, etc. If necessary the Team Leader shall provide the required clarifications.</p> <p>To indicate that the Team is responsible for its work and that the Team Leader is responsible for coordinating the conduction of the assessment, the preparation of the reports and for ensuring that deadlines are met.</p> <p>To enhance his/her participation in undertaking the desk review and in planning the audit by gaining in understanding of the AE to be assessed and establishing consensus in relation to how the on site assessment and the witnessing activities should be conducted.</p> <p>To mention that communication will be basically via e-mails; nevertheless Team Members should bear in mind that telephone conferences may be organized by the Secretariat.. Additionally, a brief face to face meeting should be scheduled before starting the onsite assessment.</p> <p>To highlight on the significant issues in Requirements for OEs and in the Procedure for Accrediting OEs making reference, in case it should be necessary, to the document Harmonized Implementation of CDM Accreditation prepared by Dr. Takashi Ohtsubo.</p>		
19	Witnessing	AP agrees that, on the basis of previous recommendations to EB, the default position is witnessing validation through document “desk” review of documentary evidence e.g. procedural report. Only by exception will witnessing of validation through visitation to AE offices be considered by the CDM-AP, based on a justification to be provided by the CDM-AT. The panel agreed to issue, based on its	AP	----

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		experience with the first witnessing activities, a list of basic documents to be provided as documentary evidence. This list shall not limit CDM-AT members to request additional documentation if they are required to conclude their witnessing activity. In addition to such a list, based on its experience, the panel may publish basic criteria for taking the decision to divert from the default way of conducting witnessing activities.		
20	New Sectoral scope	<p>The CDM accreditation panel has agreed to add to the list of sectoral scope(s) two new scopes "sectoral scope14" and "sectoral scope 15" labelled "Afforestation and reforestation" and "Agriculture".</p> <p>The Board agreed that, "Whenever a new sectoral scope(s) is added to the list of sectoral scope(s), a DOE/AE may apply for a such a new sectoral scope within a window of opportunity of six (6) months after the date the revised list of sectoral scope(s) is made publicly available and announced through the UNFCCC CDM News facility. If the application is submitted within this period, the DOE/AE shall not pay the non-reimbursable application fee. However, costs other than the non-reimbursable application fee shall be paid by the DOE/AE in accordance with the procedures and relevant clarifications. The assessment by the CDM-AP and the CDM-AT shall be designed in a way to minimize costs by taking into consideration, as applicable, ongoing assessment work as well as sectoral scope(s) for which the AE is already accredited/designated. If a AE/DOE applies after the end of the window of opportunity, the AE/DOE will have to pay the non-reimbursable application fee and the costs in accordance with provisions for applying for an additional scope(s) or for changing an application".</p>	EB	----
21	Definition of Non-conformity	In order to ensure consistency in assessment, the panel agreed to clarify issues around “non-conformities (N/C)”: For the purpose of CDM it was agrees that “non-conformities (N/C)” would not be graded (i.e. no major or minor N/C). In the context of CDM, based on the IAF Guidance to ISO Guide 62, the following definition is used: “A non-conformity is the absence of, or the failure to implement and maintain, one or more CDM system requirements for designated operational entities, or a situation which would, on the basis of available objective evidence, raise significant doubt as to the quality of what the organization is supplying”.	AP	----
22	Amendments to the accreditation procedures	<p>The Board, at its thirteenth meeting, agreed to amend the “Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (CDM) (CDM-ACCR01) ”as follows:</p> <p>(a) Paragraph “4.3”: Witnessing by the CDM-AT of the performance of tasks by an applicant entity 6 which relate to the scope of accreditation for which it has applied (for more information on scope of</p>	EB	----

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		<p>accreditation see section B). Qualified members of the CDM-AT shall carry out this witnessing function. The CDM-AP shall decide whether more than one witnessing per scope of accreditation is required. Witnessing activities at the stage of validation, and, if appropriate, verification and certification, may be undertaken by considering documentary evidence (e.g. a “procedural report”) provided by an AE on how validation or verification and certification has been performed. The CDM-AP shall try to time witnessing activities in a manner which minimizes costs for an AE (e.g. grouping of such activities for the AE, implementation in conjunction with the on-site assessment of the AE). Validation and/or verification and certification activities, witnessed and considered successful during the accreditation procedure, are considered valid from a procedural point of view if the applicant entity is successfully accredited by the Board;</p> <p>(b) Paragraph “68.2”: The validation and/or verification and certification activities witnessed and considered to have been successfully performed during these remaining witnessing activities shall be considered recognized from a procedural point of view by the Board once the EB accredits the AE;</p> <p>(c) Paragraph “45.2”: Its assessment and conclusions regarding accreditation for consideration by the Board.</p> <p>Note: Text in bold character has been inserted in the procedures for accrediting operational entities by the Executive Board of the CDM (CDM-ACCR01).</p>		

Revision History of this document

Original document (version 01) prepared by Secretariat, checked and approved by accreditation panel.

Version Number	Date	Description and reason of revision	Prepared by	Checked by	Approved by
01		Addition of new clarifications	BA	KUS	
02	06 April	Addition of new clarifications	BA	KUS	
03	9 June	Addition of new clarifications	BA	KUS	