Annex 5

ASSESSMENT REPORT ON PROJECT CYCLE OPERATIONS

EXECUTIVE SUMMARY

I. Background

1. One of the objectives of the 2-year business plan 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.

2. With the current trends related to the issuance of certified emission reductions (CERs) in the first part of 2011, there is an ever-growing need to make the process more sustainable with more predictable timelines and facilitate compliance with the quality standards and timelines set out by the Board and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). 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 presented in this report.

II. Process flows

3. The end-to-end process flow was analyzed and documented to provide a more holistic view of the process to help facilitate understanding what the steps in the process are from project initiation to issuance, the stakeholders involved and who is responsible for what. Results emphasized the importance of the creation of a "Project Standard" to assist project participants in producing project documentation during the design and monitoring activities just as the designated operational entities (DOEs) have a standard (currently the Validation and Verification Manual) to drive their work in checking if requirements have been met.

4. The process flow also highlighted a specific process improvement during the verification stage to streamline the three processes of revising monitoring plans, notifying and requesting approval of changes in the registered project design document (PDD) and requesting deviation prior to issuance and integrate, where possible, into the verification cycle. The analysis of this proposal is presented in this report.

III. Streamlining proposals

5. The following proposals were initially presented at the Board's fifty-eighth meeting where the Board requested the secretariat to do a deeper analysis of each:

(a) Merging processes into the request for issuance procedure;

(b) Bundling similar requests for issuance;

(c) Minimums on the length of a monitoring period and/or monitored emissions reductions within the period;

(d) Risk-based approach for project submissions.

IV. Merging processes into the request for issuance procedure

6. It is recommended that the following be merged into the request for issuance:

(a) Specific types of revisions currently submitted in the "Procedures for requests for revision of monitoring plan". This list of acceptable types would evolve over time as new guidance is developed but would initially include: (1) Change of calibration frequency/ practice, (2) Change of meter(s) accuracy/ type/model as per a power purchase agreement (PPA) and (3) Change of meter(s) location as per a power purchase agreement (PPA);

(b) 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".

7. In developing the "Project Cycle Procedure", it is recommended that the secretariat investigate the possibility of creating a single procedure for requesting post-registration amendments to the registered PDD which addresses the following:

(a) Changes from the project activity that may adversely affect the additionality of the project activity; application and/or the applicability of the monitoring methodology; or scale of the project activity;

(b) Proposed changes from the project activity that have not yet been implemented;

(c) Revisions to the monitoring plan (including temporary and permanent deviations from the monitoring methodology);

(d) Changes in the start date of the Crediting Period.

8. It is recommended that the history of deviation cases be further analysed to ensure that the need for this process is reduced by the provision of more appropriate guidance to project participants and DOEs.

9. It should be noted that the process described in paragraph 7 above would only apply in cases where an unplanned change has occurred and not to correct errors arising from significant deficiencies in the original validation report. Such errors will need to be addressed as part of the process being developed in responses to paragraph 26 of decision 3/CMP.6.

V. Bundling similar requests for issuance

10. It is not recommended that the proposal be pursued further as the marginal benefits for some reduction in the total number of submissions are outweighed by the inherent risks to the system and complexities that the proposal represents.

VI. Minimums on the length of a monitoring period

11. It is recommended to apply the condition that a monitoring period length is at least 365 days unless the monitored emission reductions within the period is at least 250,000 tonnes CO2e. It is estimated that this condition would have reduced submissions in 2010 by 13%.

VII. Risk-based approach for project submissions

12. It is recommended that the risk-based approach is implemented with its two components: sampling and targeted assessments.

13. In order to define risk factors and classify submissions in appropriate risk categories, further analysis would need to be done on historical data both for registration and issuance cases and to develop

guidelines on how to predict inherent risk, how to classify submissions and how to frequently update such a system to be aware of new situations and arising issues.

14. It is recommended that in developing the "Project Cycle Procedure", the risk-based approach is integrated as part of it, highlighting the importance of the implementation of the DOE liability provisions.

VIII. Next steps

15. For the implementation of all or some of the components of the proposals, the following steps would need to be taken:

(a) Draft appropriate requirements, procedures and/or guidelines and incorporate into the current work on the "Validation and Verification Standard", "Project Standard", "Project Cycle Procedure" and standardization of templates;

(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 IT requirements and procure the necessary IT support to implement the system changes.

ASSESSMENT REPORT ON PROJECT CYCLE OPERATIONS

I. Background

1. One of the objectives of the 2-year business plan or 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.

2. Subsequently, as part of the CDM management action plan (CDM-MAP) for 2011, the Board requested the secretariat to produce an Assessment report of CDM project cycle operations as one of the deliverables under activity 1 a) Review the CDM operations and develop innovative measures for improving efficiencies in its process cycle where specific actions include:

(a) Documentation and assessment of the validation, registration, monitoring, verification and issuance process flows;

(b) Identification of areas for streamlining and development of timelines for processing project submissions, with particular focus on ensuring predictability and sustainability in the project assessment process.

3. As mentioned in the business plan, the Board's case workload relating to the issuance of CERs is expected to increase as the first commitment period of the Kyoto Protocol approaches and reach 3,400 submissions for the period 2011-2012. The activity in the first several months of 2011 reinforces that the caseload has not peaked:

(a) There are now over 3,000 registered project activities, which represents an increase of 40% in only one year;

(b) There are now almost 1,600 project activities where at least one monitoring report has been submitted, which represents an increase of 40% in only one year;

(c) There are now over 1,100 project activities where at least one issuance request has been submitted, which represents an increase of 41% in only one year;

(d) There has been a 37% increase in issuance cases in the period of January - May 2011 over the same period last year.

4. With the current trends in the first part of 2011, there is an ever-growing need to make the process more sustainable with more predictable timelines and facilitate compliance with the quality standards and timelines set out by the Board and the CMP. 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 presented in this report.

II. Process flows

5. The end-to-end process flow was analyzed and documented to provide a more holistic view of the process to help facilitate understanding what the steps in the process are from project initiation to issuance, the stakeholders involved and who is responsible for what. A subset of these diagrams are presented in this report to highlight specific areas for improvement.

6. The following diagram illustrates the high-level process flow of the project cycle with the different activities that are executed by the various actors in the process. Although there are several other smaller activities and possible interactions during each of these activities between the stakeholders, the "swimlane" designation indicates which actor is responsible for driving the activity and producing the output of each stage.

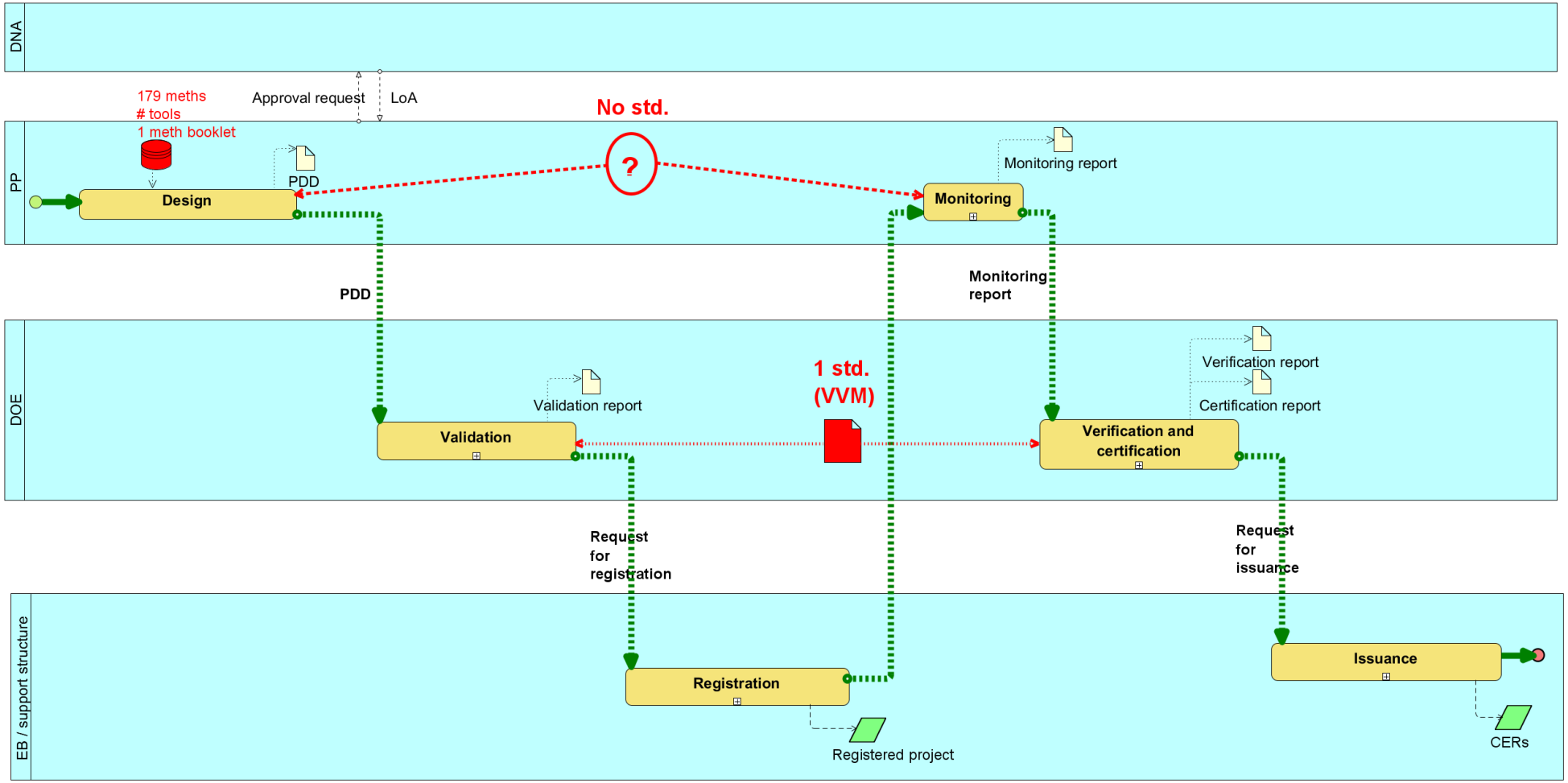

Figure 1: High-level process flow of the CDM project cycle

7. The diagram illustrates how the DOE is responsible for the validation and verification/certification stages of the process and have a standard (currently the Validation and Verification Manual (VVM)) to drive their work in checking whether the requirements have been met. However, although the project participants are responsible for producing the project documentation themselves during the design and monitoring activities, they do not have a corresponding standard that is geared towards them as the primary audience to assist them in their work. This emphasizes the importance of the creation of a "Project Standard" and defining its scope appropriately as one of the deliverables outlined in the CDM management plan (CDM-MAP) to facilitate the development high-quality submissions.

8. The following diagram highlights a more specific process improvement during the verification stage. If a DOE requires prior approval from the Board, it must interrupt their current activities and engage in one (or more) of three separate processes before it can continue on with verification and request issuance. This can cause delays in the verification process and increases the volume of cases that must be considered by the Board and secretariat. A proposal to streamline this approval process (initially presented to the Board at its fifty-eighth meeting) and make it less cumbersome was analysed and the results are presented in the "Analysis of proposals" section of this report.

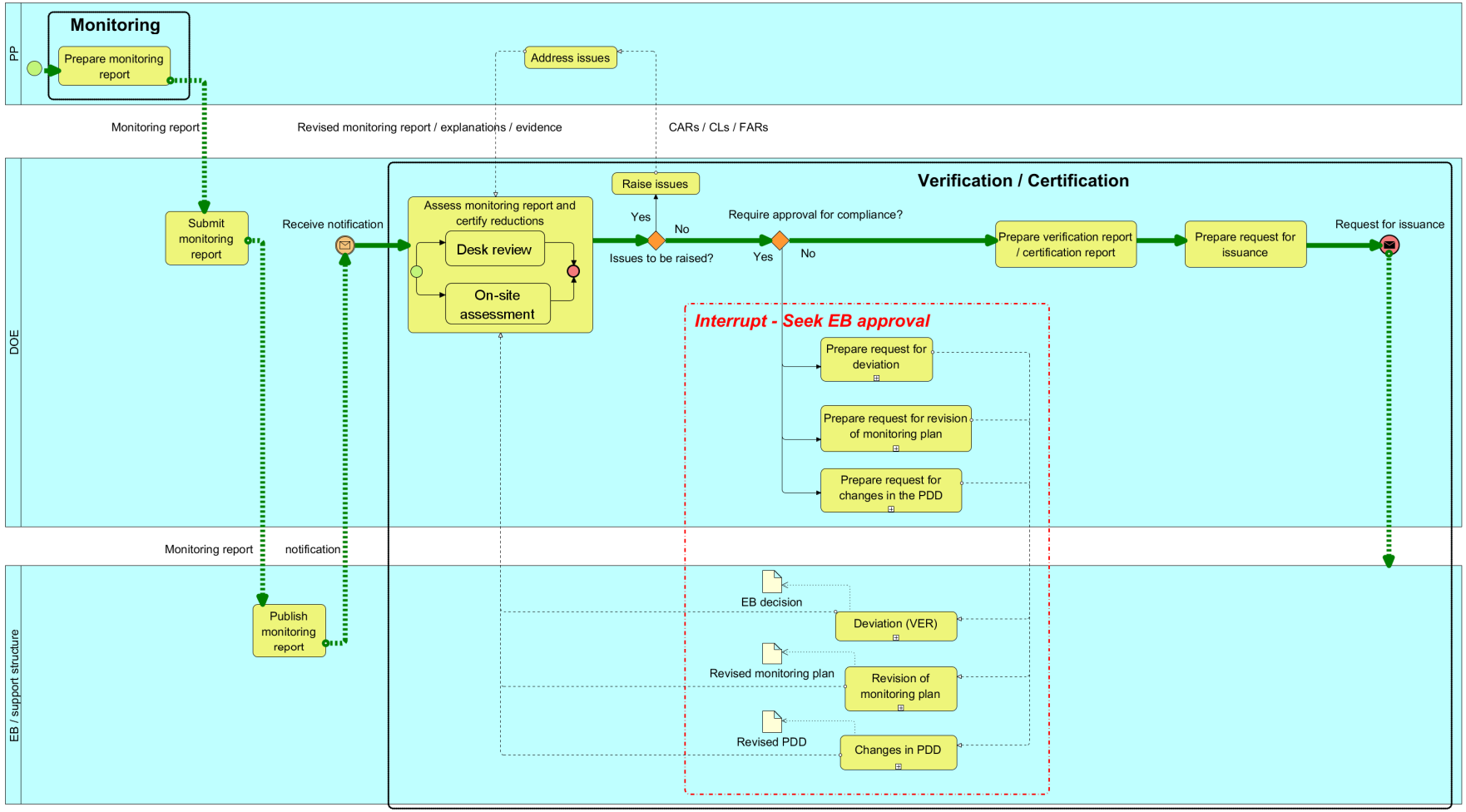

Figure 2: Monitoring and verification process

III. Streamlining Proposals

9. The following proposals were initially presented at the fifty-eighth meeting of the Board where the Board requested the secretariat to do a deeper analysis of each:

(a) Merging processes into the request for issuance procedure;

(b) Bundling similar requests for issuance;

(c) Minimums on the length of a monitoring period and/or monitored emissions reductions within the period;

(d) Risk-based approach for project submissions.

10. An analysis of the above proposals is contained in this report.

IV. Analysis of proposals

A. PROPOSAL FOR THE STREAMLINING OF THE CDM PROJECT CYCLE BY MERGING PROCESSES INTO THE REQUEST FOR ISSUANCE PROCEDURE

I. Background

11. At present, prior to concluding a verification and submitting a request for issuance, a DOE may be required to submit a project activity for approval by the Board under three separate procedures which can impose significant delays to affected projects, these are:

(a) Procedures for revising monitoring plans in accordance with paragraph 57 of the modalities and procedures for the CDM ("REVMP");

(b) Procedures for notifying and requesting approval of changes from the project activity as described in the registered PDD ("CHGPDD"); and

(c) Procedures for requests for deviation prior to submitting request for issuance ("DEV-I").

12. As requested by the Board at EB58, the secretariat undertook an analysis of cases processed and finalised in 2010 under the three procedures (REVMP, CHGPDD and DEV-I) as well as their comparison to the requests for issuance processed and finalised over the same period to identify possible proposals for streamlining the CDM process.

II. Description of the proposal

13. It is proposed that the integration of the above three processes, where possible, into the verification cycle would reduce the volume of individual assessments required in the regulatory process, as well as reducing delay for individually affected project activities.

14. In particular, it is proposed that the "Notifications" track of the CHGPDD process and specific types of changes that are currently being submitted in the REVMP process are merged into the issuance process.

15. It is also proposed to further analyze past requests for deviation to identify areas where revisions and/or clarifications of existing standards could be used to reduce the volume of deviation requests.

16. Finally, it is proposed that a single procedure for requesting post-registration amendments/deviations to the registered PDD, which addresses the remaining "requests for approval" of changes from the project activity, the remaining revisions to the monitoring plan and other post-registration amendments and deviations to the PDD be developed as a streamlined CDM process.

III. Analysis

1. Requests for Issuance

17. As illustrated in the table below, the analysis identified that 24% of requests for review were related to procedural failing of a DOE not following one of the three procedures prior to submitting a request for issuance (with 64% of these coming from failure to submit a notification of changes to the PDD).

Table 1. Request for issuance cases from 2010

Total number of cases processed and finalized in 2010	732*	%
► Number of requests for review cases	103	14%
► Number of RfR cases for failure to submit REVMP	6	6%
► Number of RfR cases for failure to submit CHGPDD	16	16%
► Number of RfR cases for failure to submit DEV-I	3	3%

**Note*: Includes only complete requests that had a request for review (RfR) period ending in 2010 (i.e. excludes cases processed as incomplete and 188 complete cases processed in Dec 2010 whose RfR period was in 2011)

18. In addition, it is important to note that during 2010 the secretariat was required to devote resources to process 175 submissions under the three processes which would have enabled the number of requests for issuance processed and finalised in 2010 to be increased by up to 24% had those submissions been merged with the request for issuance process.

2. Changes from the Registered PDD

19. Analysis of notifications and requests for approval of changes from the project activity as described in the registered PDD (illustrated in the table below), demonstrated that the overwhelming mode of submission was via notifications with 91% of the total changes coming from notification.

Table 2. Notifications of changes in the project activity from the description in the registered PDD cases from 2010

Total number of CHGPDD cases processed and finalized in 2010	47	
► Total number of notification cases processed and finalized in 2010	43	91%
► Number of notification cases accepted without referral to the EB	38	88%
► Notification cases required to be considered by the EB	5	12%

20. The analysis also showed that 100% of notifications were accepted with only 5 cases (12%) requiring referral to the Board for further consideration before being accepted with 88% of cases being accepted without major issues.

21. Based on this analysis, it would be reasonable to conclude that the incorporation of the entire notification track into the request for issuance process represents low risk to the integrity of the process due to the high acceptance rate of such requests. As well, considering that the 5 cases of referral to the Board would be analogous to requests for review at issuance, this is more than off-set by the 16 cases that were requested for review over the same time frame for failure to submit a notification of changes to the PDD.

22. Therefore, it would be recommended to merge the "Notifications" category of requests into the issuance procedure. If the notifications category is merged, it is also recommended that requirements be placed on the project participants in the Project Standard to clearly describe and justify in the monitoring report any changes in the implementation and operation from the registered project description.

23. Furthermore, it is also recommended that requirements be placed on the DOE in the "Validation and Verification Standard" for the verification of the acceptability of the changes in the project activity as per the current procedure.

3. Revisions of Monitoring Plans and Deviation Requests Prior to Issuance

Revisions of Monitoring Plans

24. Analysis of requests for revisions to the registered monitoring plan that were submitted in 2010, illustrated in the table below, shows a high overall rate of approval (94%) but that a significant proportion (41%) required corrections prior to approval.

Table 3. Revision of monitoring plan cases from 2010

Total number of cases processed and finalized in 2010	162	
► Total number of approved requests	153	94%
► Number approved without correction	91	59%
► Number approved with corrections	62	41%
► Number of cases considered to be minor (see above)	35	23%*
► Number requests rejected	9	6%

**Note*: 23% of approved cases and 22% of total submissions

25. Further analysis of the submitted requests by category of revision revealed that three types of revisions that were considered to be minor and had high direct approval rates without requiring corrections:

(a) Change of calibration frequency/ practice

(b) Change of meter(s) accuracy/ type/model as per a power purchase agreement (PPA)

(c) Change of meter(s) location as per a power purchase agreement (PPA)

26. Allowing the above three types of revision to the monitoring plans to be addressed in the verification report at the request for issuance stage could have the effect of reducing the number of REVMP requests by up to 22%, therefore, freeing up secretariat resources for the processing of more requests for issuance.

27. If the Board was to provide guidance that specific types of revisions to the monitoring plan may by addressed during verification and included in the request for issuance, it is also recommended that requirements be placed on the project participants in the "Project Standard" to clearly describe and justify any revision of their registered monitoring plan in the monitoring report.

28. Initially, it is recommended the types of revisions listed in paragraph 25 are allowed to be considered at the issuance stage and that this list would evolve over time as new guidance is developed as part of the "Project Standard".

29. Furthermore, it is also recommended that requirements be placed on the DOE in the "Validation and Verification Standard" for the verification of the appropriateness of the proposed revisions to the monitoring plan as per the current procedure.

30. In addition, it was noted that during the 2008-2009 period (2010 data being unavailable), out of a total of 136 requests for revision of monitoring plans, 27 requests were due to the project participant not being able to implement the registered monitoring plan in accordance with the applied methodology.

31. This highlights a gap in the procedures where, during implementation, a project participant discovers that they are unable to comply with the monitoring methodology. However, since it is after registration, they are unable to apply for a deviation from methodology. While it is true that the current deviation from the monitoring plan procedure implicitly allows for temporary deviations from methodology affecting a single monitoring period, permanent deviations are required to be submitted as revisions to the monitoring plan which requires compliance with the methodology.

Deviation Requests Prior to Issuance

32. Analysis of cases submitted for deviation prior to issuance, illustrated in the table below, demonstrated that the overwhelming mode of submissions (98%) were accepted by the Board (with 36% of cases requiring some form of clarification).

Table 4. Deviation prior to issuance cases from 2010

Total number of deviations processed and finalized in 2010	97	
► Number of deviations rejected in 2010	2	2%
► Number of deviations accepted in 2010	95	98%
► Number of accepted deviations requiring clarification	34	36%

33. Based on the analysis of cases from 2010, it is reasonable to conclude that the incorporation of requests for deviations into the request for issuance process represents low risk to the integrity of the process due to the high acceptance rate of such requests. However, it should be noted that a deviation, by its nature, does not lend itself to assessment by a DOE as there is no specific standard to allow a clear third party assessment.

34. It would therefore be recommended that the secretariat further analyzes the history of deviation submissions in order to provide a clear guidance in the "Project Standard" and "Validation and Verification Standard" to reduce the need for a deviation process to be utilized.

4. Procedure for Requesting Post-Registration Amendments / Deviations to the Registered PDD

35. It is recommended that a single procedure for requesting post-registration amendments and deviations to the registered PDD is created when developing the "Project Cycle Procedure" that would address the procedural gap highlighted in paragraph 31, the "Request for approval" track currently in the CHGPDD procedure and other post-registration changes (such as a delay in the start of the crediting period).

36. In particular, the new procedure would address the following:

(a) Changes from the project activity that may adversely affect the additionality of the project activity; application and/or the applicability of the monitoring methodology; or scale of the project activity

(b) Proposed changes from the project activity that have not yet been implemented

(c) Revisions to the monitoring plan (including temporary and permanent deviations from the baseline and monitoring methodology)

(d) Changes in the start date of the Crediting Period.

37. It is noted that this has already been partly implemented at EB59 where the Board allowed for a merged CHGPDD and REVMP submission.

IV. Expected impacts

38. Based on the analysis of the cases submitted in 2010, implementation of the proposal may have the positive impact on the workflow of potentially increasing throughput by up to 24% thus improving the efficiency of the CDM process.

39. For individual submissions that may be affected by the current procedures, there would be increased predictability as such changes would be incorporated into the request for issuance process that have more clear timelines.

40. Based on a comparison of the total number of cases that required additional approvals prior to requesting issuance in 2010 and the total number of requests for issuance submitted in 2010, Table 5 below illustrates the expected impacts on the expected submissions for 2011 and 2012.

Table 5. Expected impacts on forward estimates of request for issuance submissions 2011-2012

Total number of expected submissions in 2011 & 2012	1700	%
►Number requiring additional approval under status quo	456	27%
►Number requiring additional approval under proposal	195	11%
►Reduction in cases requiring additional approval	261	57%

41. Adoption of the proposal could free up secretariat resources from the requirement to undertake up to approximately 261 additional summary notes that could be reallocated to processing extra requests for issuance. From a case specific perspective, these 261 cases would potentially have 3-4 months reduced from their verification process.

42. This would allow a project to be assessed more efficiently (once during the issuance process) instead of multiple times (once during each of the REVMP, CHGPDD and DEV-I processes and then again in the issuance process).

43. However, as the existing separate processes contain the ability to ask substantive clarifications during the assessment of the submissions, which is not available in the current request for issuance process. This could potentially lead to higher rates of requests for review but they are unlikely to significantly increase the rejection rate since most clarifications are satisfactorily addressed by the project participant and DOE under the current procedures. A potential option for addressing this would be to further enhance the current "Information and Reporting Check" stage to allow for clarifications / seeking of further elaboration on the contents of the verification reports that address the merged procedures.

44. The implementation of the proposal will also have an impact on the current IT system since the workflows will be required to be substantially amended to reflect the new steps recommended by the proposal.

V. Interrelated tasks

45. This paper acknowledges that the timing of any implementation of all or some of the components of this proposal will be dependant on the completion of the current work on the "Validation and Verification Standard", "Project Standard" and the "Project Cycle Procedure", including DOE liability.

46. In addition, any implementation will also be dependant on the procurement of appropriate and timely IT support necessary for changes to the IT workflows, as well as the time taken for the completion of those changes.

VI. Implementation actions and required changes

47. If the proposals are adopted by the Board, it would be needed to revise the monitoring report template to strengthen the information provision requirements for projects that have:

(a) Changed implementation or operation of the project activity during the monitoring period under verification;

(b) Deviated from the requirements of the registered monitoring plan or methodology during the monitoring period under verification;

(c) Revised their monitoring plan during the monitoring period under verification.

48. For (a) and (c) above, the IT workflows will need to be modified to enable a DOE to submit a revised PDD (where for (c), the revised PDD would contain the revised monitoring plan) that will be uploaded to the project view page following approval for the request for issuance. This is necessary to ensure that all changes and revisions to the registered PDD and monitoring plan that are approved during the request for issuance stage are captured and the correct documents are displayed on the project view page for proper transparency and public information.

49. In order to successfully transition project participants and DOEs it would be recommended to undertake appropriate actions to educate stakeholders regarding the new requirements that will need to be undertaken prior to the implementation of the changes (i.e. through workshops, webinars and presentations).

50. The verification requirements as they relate to (a), (b) and (c) above will need to be incorporated into the "Validation and Verification Standard" and the verification template when it is developed. During this incorporation, further consideration regarding the possibility of further enhancing the Information and Reporting Check to allow the secretariat to seek clarifications on submissions that contain unclear information to replicate the current clarifications loop in the existing separate procedures.

51. Further analysis of the history of deviation submissions will need to be performed and appropriate guidance incorporated into the "Project Standard" and "Validation and Verification Standard".

52. Further work will be required to be undertaken and presented to the Board regarding the development of a new "Procedure for Requesting Post-Registration Amendments and Deviations to the Registered PDD".

53. The following diagram illustrates the revised flow incorporating these changes.

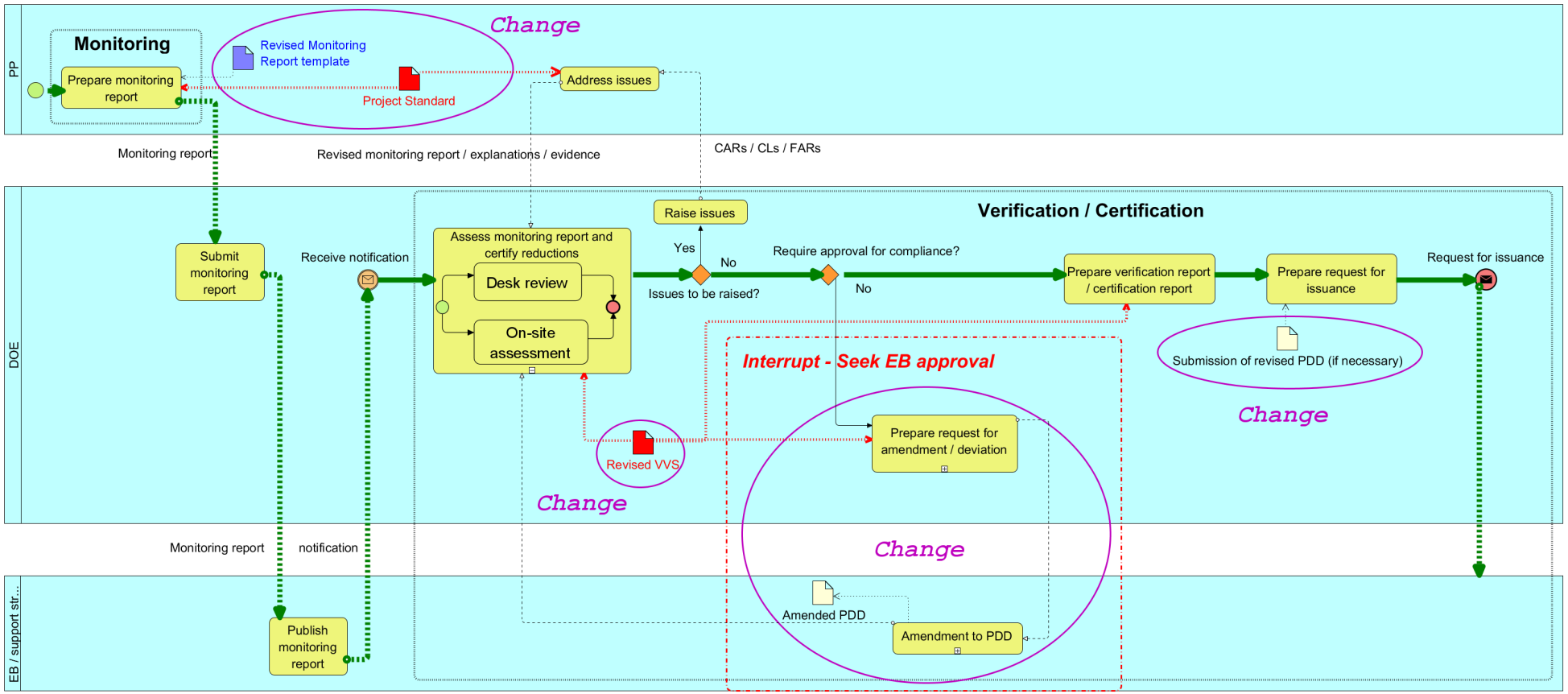

Figure 3. Proposed monitoring and verification process

54. The intention of this new procedure is to amend changes that have occurred with the project activity and not to correct mistakes and/or errors that were made during validation. Although they will need to be corrected, mechanisms to address such mistakes and errors will need to be developed as part of the DOE liability initiative.

VII. Recommendation

55. It is recommended that the following be merged into the request for issuance:

(a) Specific types of revisions currently submitted in the "Procedures for requests for revision of monitoring plan". This list of acceptable types would evolve over time as new guidance is developed but would initially include:

(i) Change of calibration frequency/ practice

(ii) Change of meter(s) accuracy/ type/model as per a power purchase agreement (PPA)

(iii) Change of meter(s) location as per a power purchase agreement (PPA)

(b) 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"

56. In developing the "Project Cycle Procedure", it is recommended that the secretariat investigate the possibility of creating a single procedure for requesting post-registration amendments to the registered PDD which addresses the following:

(a) Changes from the project activity that may adversely affect the additionality of the project activity; application and/or the applicability of the monitoring methodology; or scale of the project activity;

(b) Proposed changes from the project activity that have not yet been implemented;

(c) Revisions to the monitoring plan (including temporary and permanent deviations from the monitoring methodology);

(d) Changes in the start date of the Crediting Period.

57. It is recommended that the history of deviation cases be further analysed to ensure that the need for this process is reduced by the provision of more appropriate guidance to project participants and DOEs.

58. It should be noted that the process described in paragraph 56 above would only apply in cases where an unplanned change has occurred and not to correct errors arising from significant deficiencies in the original validation report. Such errors will need to be addressed as part of the process being developed in responses to paragraph 26 of decision 3/CMP.6.

B. PROPOSAL FOR THE STREAMLINING OF THE CDM PROJECT CYCLE BY BUNDLING SIMILAR REQUESTS FOR ISSUANCE

I. Background

59. At the fifty-eight meeting of the Board, the secretariat presented options for the streamlining of the CDM project cycle including a proposal allowing a DOE to bundle their verification activities under a single request for issuance to potentially reduce the volume of submissions. This was based in the assumption that a significant portion of the current volume of requests for issuance results from multiple simultaneous submissions for identical or similar registered project activities, e.g. animal waste management projects in Brazil and Mexico, wind/hydro project activities in China. The Board requested the secretariat to undertake an analysis of cases to examine the viability of the proposal to allow a DOE to bundle their verification activities under a single request for issuance.

II. Description of proposal

60. It is proposed that the Board allow a DOE to bundle their verification activities under a single request for issuance. Other appropriate criteria would need to be developed that may include host party, applied methodology, project type, project participants and/or number of separate projects.

61. An important component of the proposal is that the assessment of a bundled requests would be treated as a single unified request in that there would be a single combined monitoring report, single combined verification report and a single certification statement and request form (with an itemised breakdown of separate issuance requests per project activity). Not having combined documents would negate any potential benefits that could be derived from the proposal.

62. A necessary co-requisite of the combined documents for the bundled request is that the entire bundle would be assessed by the secretariat only once and a single recommendation would apply to the entire bundle. This would mean that any defect in one of the bundled projects would affect the outcome for the entire bundle.

III. Analysis

63. To examine the viability of this proposal, an analysis was done on the number of similar projects within a particular host party to determine potential candidates. This is displayed in the following table.

Table 6. Registered projects and issuance requests by type and methodology

Category	No. of registered projects	No. of issuance requests
Wind projects in China that use ACM0002	374	309 (DOE breakdown: DOE1=175, DOE2 =68, DOE3= 23)
Hydro projects in China that use ACM0002	331	238 (DOE breakdown: DOE1=56, DOE2=52, DOE3= 43)
Hydro projects in China that use AMS.I.D	304	139
Animal waste projects in Mexico that use AM0016	21	83
Animal waste projects in Mexico that use AMS.III.D	70	8

64. Another method to examine the viability of the proposal an analysis was done on 1,211 requests for issuance submitted between 8 March 2010 and 7 March 2011. (This period was selected as 12 months of submissions to which the new request for issuance procedures have been applied). The selection of cases was categorised by temporal proximity by dividing the cases into the month that they were submitted, by DOE, by host party, by the applied methodology, and (to the extent possible by the data) by related project participants.

65. This analysis of submissions, illustrated in the table below.

Table 7. Potential impact of bundling ion requests for issuance

Impact of Bundling	Mar -10	Apr -10	May-10	Jun-10	Jul-10	Aug -10	Sep -10	Oct-10	Nov -10	Dec -10	Jan-11	Feb -11	Mar -11
Number of submissions without bundling	66	69	59	90	98	134	103	76	112	164	129	83	28
Number of submissions with bundling	57	62	52	83	89	126	91	75	105	159	124	76	27
Reduction with bundling	14 %	10 %	12 %	8%	89	6%	12 %	1%	6%	3%	4%	8%	4%

Table 8. Outcome of bundling projects

Outcome of Bundles	Mar -10	Apr -10	May-10	Jun-10	Jul-10	Aug-10	Sep -10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar -11
Failed	2	4	2	3	2	2	5	1	2	1	2	1	1
Passed	0	0	2	1	2	3	5	0	0	4	1	2	0
Of Fails # Partial	1	2	1	3	1	2	4	1	2	1	1	1	0
Of Fails % Partial	50%	50%	50%	100 %	50 %	100 %	80 %	100 %	100 %	100 %	50 %	100 %	0%

66. Based on this analysis, there is no strong evidence that bundling would significantly reduce the total number of requests for issuance submitted to the Board. Any reduction would only be on the order of 10 separate submissions less per month with the bundling option. This is based on the assumption that all similar cases that could be bundled are actually bundled, which is considered unlikely.

67. This marginal benefit is unfortunately off-set by the number of bundled submissions that will fail one of the quality control stages (Completeness Check (CC), Information and Reporting Check (IRC) or Summary note (SN)) and therefore require resubmission and reprocessing of the entire bundle of projects, which was the case with animal waste projects. It is considered that this aspect of the proposal that "if one fails, then all fail" would act as a discouragement for some (but not all) project participants and DOEs being unwilling to assume the risk.

IV. Expected impacts

68. It would be expected that there will be more assessment work required for dealing with a bundled submission which would necessitate a corresponding reduction in the number of cases assigned to a staff member dealing with a bundled submission. This may have the effect of reducing the expected throughput efficiencies to be gained via bundling.

69. It is also expected that bundling of similar requests for issuance would improve the consistency of assessment as they would be undertaken be a single staff member. However, it is also noted that the proposed internal realignments within the Project and Entity Assessment Unit into sectoral-specialised areas may achieve the same desired increase in processing efficiencies and improve consistencies by allow the bundled assessment of similar separate requests for issuance.

70. The implementation of the proposal is expected to require substantial changes to the IT system to ensure that the correct number of CERs is issued to correct project activity account; that the combined documents are appropriately displayed on all of the bundled project view pages and that rules relating to the operation of Modalities of Communication when communicating on issues during issuance are considered and developed.

71. Also, if one of the criteria for bundling is that the bundled projects must share the same or related project participants, then prior to implementation the Board would need to require the project participants to identify there involvement in the project in the system which is currently not being done.

72. It is not expected that there will be any reductions in average processing time since the assessments will still be conducted within the existing timelines of the request for issuance procedure.

V. Interrelated tasks

73. This paper acknowledges that the timing of any implementation of this proposal will be dependant on the completion of the current work on "Validation and Verification Standard", "Project Standard" and the "Project Cycle Procedure".

74. In addition, any implementation will also be dependant on the procurement of appropriate and timely IT support necessary of the changes to the IT workflows, as well as the time taken for the completion of these IT changes.

VI. Implementation actions and required changes

75. Appropriate criteria would need to be developed to outline the conditions on which a bundle could be submitted.

76. Rules relating to the of Modalities of Communication when communicating on issues during issuance are considered and developed.

77. The IT system would need to be changed to allow the upload of a bundled issuance request across different projects, displaying the documents appropriately and ensuring the correct number of CERs are issued into appropriate accounts.

VII. Recommendation

78. Based on the analysis, it is not recommended that the proposal be pursued further as the marginal benefits for some reduction in the total number of submissions are outweighed by the inherent risks to the system and complexities that the proposal represents.

C. PROPOSAL TO ESTABLISH MINIMUMS ON THE LENGTH OF A MONITORING PERIOD OR MONITORED EMISSIONS REDUCTIONS WITHIN THE PERIOD

I. Background

79. Assessments of certain types of projects with high submission rates often overlap and has led to investigation of different ways to handle such cases more efficiently. Current guidelines governing monitoring and requests for issuance do not define a standard length for monitoring periods, resulting in periods as short as 11 days. Applying a minimum monitoring period length for issuance submissions was presented at EB58 as one of the options in reducing the volume of submissions. The Board requested the secretariat to undertake an analysis of the impact on applying such a limit.

II. Description of proposal

80. The proposal involves a flexible approach to apply a condition where a minimum monitoring period length or a minimum amount of monitored emission reductions would have to be satisfied for projects intending to submit requests for issuance. Any monitoring reports that do not fulfil either of the two conditions would not be accepted by the system.

III. Analysis

81. The mean monitoring period length for all monitoring reports submitted up to the end of 2010 was approximately 12 months, and the bulk of monitoring periods for the years 2008-2010 has been relatively stable at within 9 to 11 months long.

82. While monitoring period lengths show no strong correlations with any specific technology type, historically small scale projects exhibit overall longer monitoring period lengths than large scale projects.

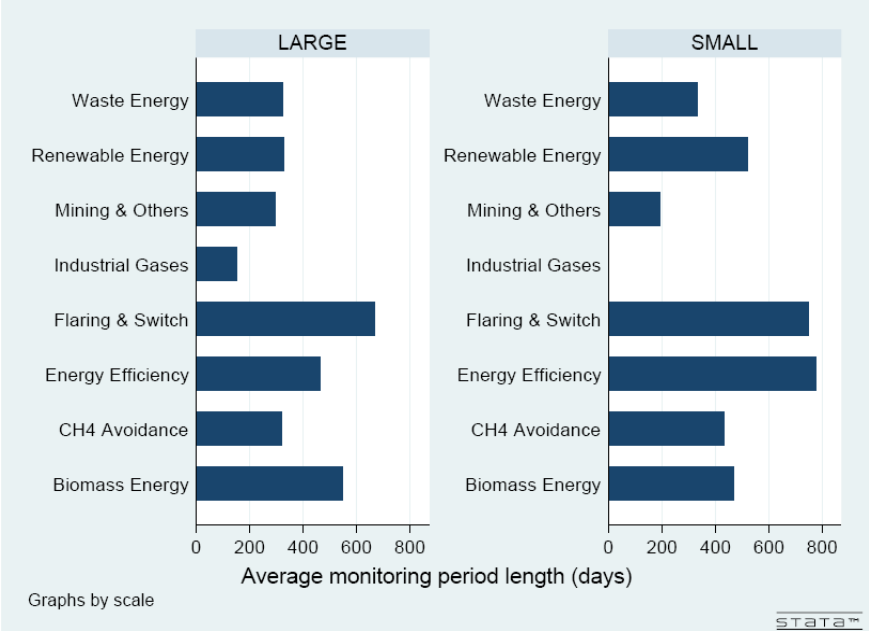

Figure 4. Average monitoring period lengths by scale and project type

83. Industrial gas submissions have shown shorter overall monitoring period lengths relative to all other types of issuance submissions. In 2010, the average monitoring period length for industrial gas submissions was 26 weeks, compared to 53 weeks for other types of submissions.

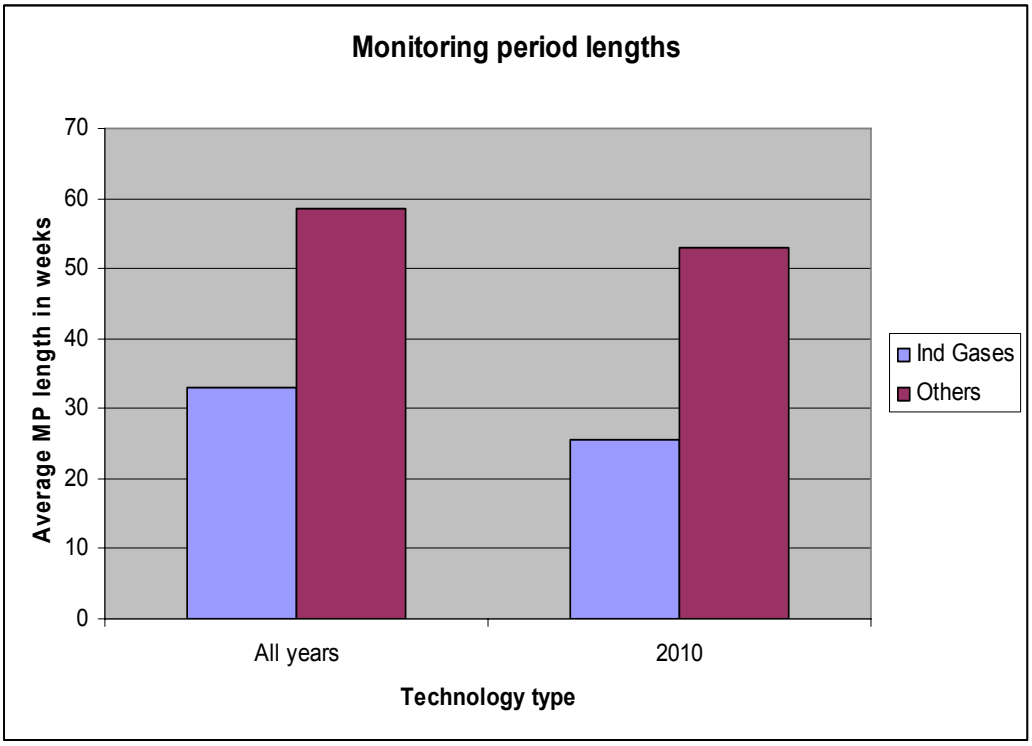

Figure 5. Monitoring period lengths by project type

84. Industrial gas projects exhibit a higher rate of multiple submissions compared to other types of projects. In 2010, 69% of all submitted industrial gas projects involved more than one submission (51% with more than two submissions), whereas 17% of other types of submitted projects involved more than one submission (3% with more than two submissions).

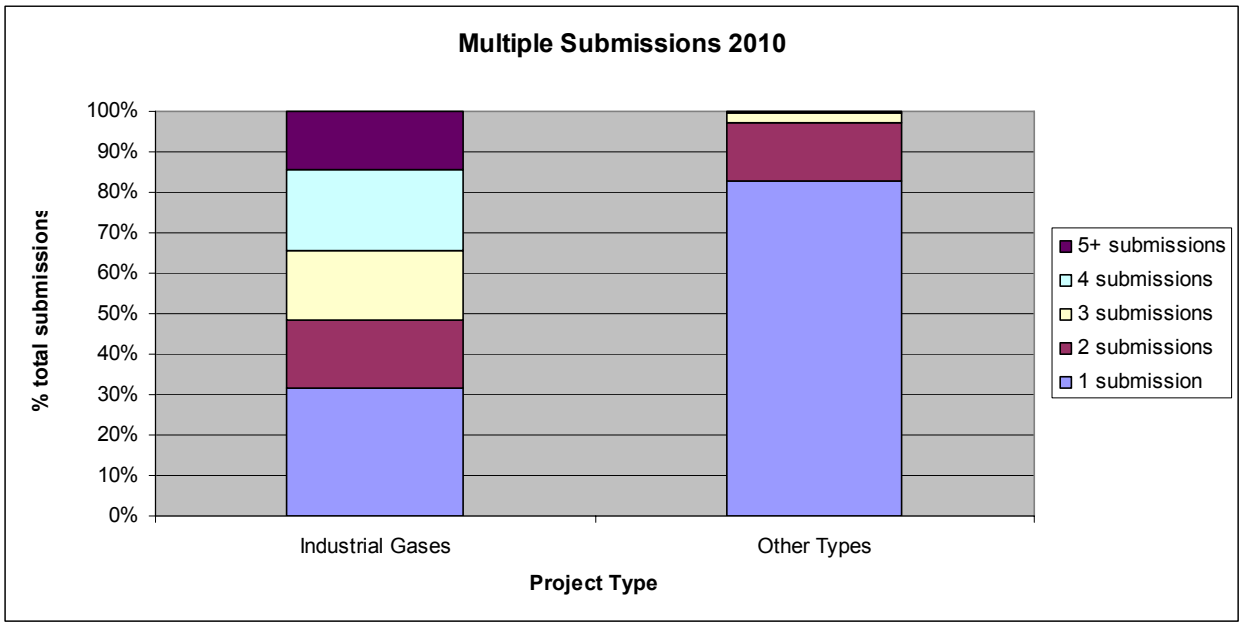

Figure 6. Multiple submissions in 2010 by project type

85. The following graph plots the amount of CERs requested and their corresponding monitoring period lengths from the submissions in 2008-2010.

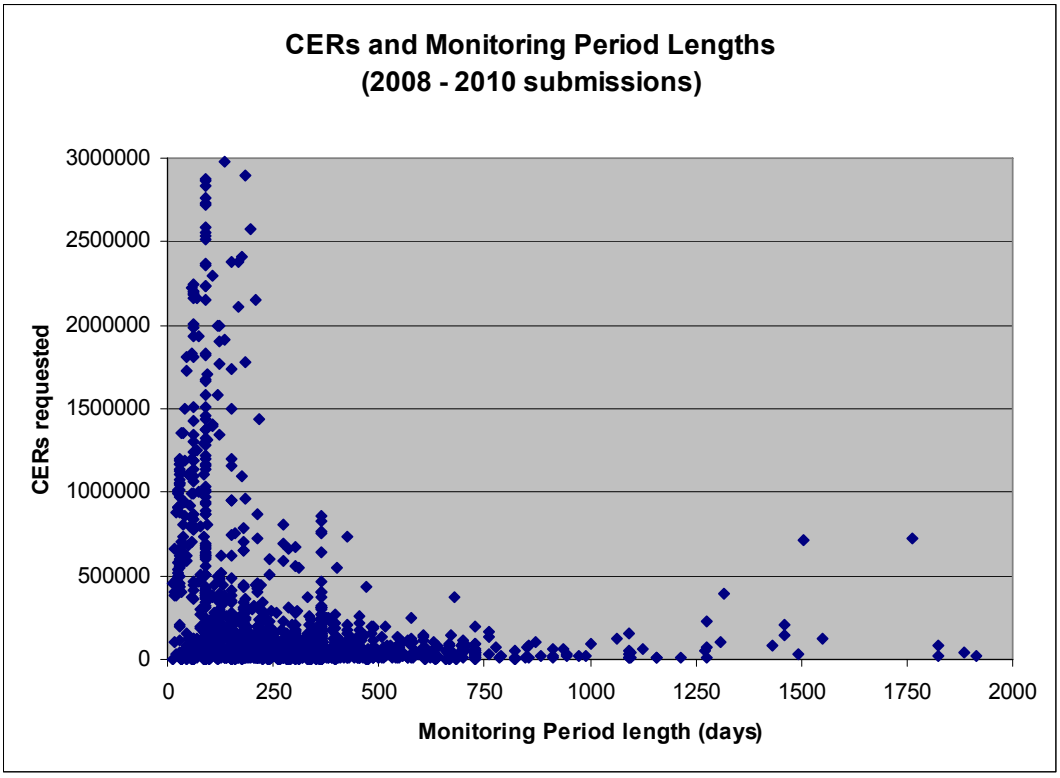

Figure 7. CERs and monitoring period lengths (2008-2010 submissions)

IV. Expected Impact

86. Issuance submission data for 2010 was analyzed to determine what the estimated reduction would be if specific limits were in place. The following table reveals the estimated reductions in overall submission volume if applying various minimums on the monitoring period length (without having the "OR" option of having a minimum amount of monitored emission reductions). An assumption is made that individual submissions of the same project that did not reach the threshold would have been combined appropriately and submitted in the same year. As well, it is assumed for submissions that were close to reaching the minimum there would have been a change in stakeholder behaviour knowing that a limit exists and the submissions would have been adjusted accordingly to qualify and be submitted in the same year.

Table 9. Estimated reduction of 2010 issuance submissions if a minimum monitoring period length was applied

Minimum length of monitoring period (days)	90	180	270	365
Reduction in total request for issuance submissions	- 2 %	- 6 %	- 20 %	- 26 %

87. Applying the same assumptions as above, the following table displays the estimated reduction in 2010 submissions using various combinations of a minimum monitoring period length and a minimum amount of monitored emission reductions where only one of the conditions would have to be fulfilled.

Table 10. Estimated reduction of 2010 issuance submissions if condition of a minimum monitoring period length or minimum amount of monitored emission reductions was applied

OR		Minimum length of monitoring period (days)			
		90	**180**	**270**	**365**
Minimum amount of monitored emission reductions (tonnes CO2e)	**100,000**	0 %	-1 %	-5 %	-8 %
	250,000	0 %	-2 %	-7 %	-13 %
	500,000	0 %	-4 %	-10 %	-17 %

88. Allowing more frequent issuance requests allows stakeholders to receive feedback at an earlier stage and learn from any errors and correct possible issues with certain types of projects in subsequent requests. Mandating either a longer monitoring period or a minimum amount of monitored reductions may reduce the volume of requests but also reduces the number of opportunities to receive feedback and adjust accordingly.

89. The secretariat has received feedback on this issue through the Project Developer Forum where they highlight the loss of flexibility and negative consequences for contractual obligations with CER buyers should minimum limits to monitoring periods be imposed. They have noted that shorter monitoring periods are generally used by high CER volume projects and cite that 17% of verified (shorter) periods account for 75% of issued CERs since 2005. Thus, they warn that defining a minimum monitoring period would have a "substantial negative impact on liquidity of the secondary CER market, which is already characterised by low liquidity".[1]

[1] Communication from the Project Developer Forum submitted in response to the EB 58 annotated agenda.

V. Interrelated tasks

90. The implementation of any limits would need to incorporated into the current work being done on the "Validation and Verification Standard", "Project Standard" and "Project Cycle Procedure".

91. Any implementation will also be dependant on the provision of appropriate and timely IT support necessary for changing the CDM Information System.

VI. Implementation actions and required changes

92. If the Board were to adopt limits to the monitoring period and/or amount of monitored emissions reductions, these limits will need to be incorporated into the "Project Standard", "Validation and Verification Standard" and the monitoring report template to indicate these limits exist.

93. IT functionality will need to be developed in the DOE submission interfaces for monitoring reports enforcing that monitoring periods must be longer than a pre-defined lengths or above a pre-defined floor of monitored emission reductions.

VII. Recommendation

94. It is recommended to apply the condition that a monitoring period length is at least 365 days unless the monitored emission reductions within the period is at least 250,000 tonnes CO2e.

D. PROPOSAL FOR A RISK-BASED APPROACH FOR PROJECT SUBMISSIONS

I. Background

95. The Board continues to receive large volumes of requests for registration of project activities and requests for issuance of certified emission reductions (CERs). It is predicted that the volume of requests, particularly for CER issuance, will grow significantly in the next two years, especially as the end of the first commitment period of the Kyoto Protocol approaches. The Board's case workload relating to issuance of CERs is expected to increase throughout 2011-2012 and reach 1,700 submissions in 2011.

96. At present, 100% of requests for registration and issuance are fully assessed by the secretariat and then by the Board. Due to the expected large number of submissions in 2011 and beyond, the current approach is unlikely to be sustainable in the medium term due to difficulties finding the right human resources (internal and external) and the time needed for their training. It may result in a backlog of submissions for processing that would result in delays in the issuance of CERs. The situation would be compounded by the implementation of the CMP request to reduce the waiting time and commencement of a completeness check to within 15 days of the submission of a request for registration or issuance.

97. Taking into account this situation, after preliminary discussions at the fifty-eighth meeting of the Board, the Board agreed that, as part of its strategic priorities for 2011-2012, would be to analyze the potential approaches to risk-based assessment with a proposed procedure for assessment of requests for registration and issuance incorporating such approaches. Subsequently, the Board in its MAP for 2011 decided to review the CDM operations and take innovative measures for improving efficiency in its process cycle.

II. Description of proposal

98. It is proposed that the Board allow the secretariat to adopt, in its assessment of submissions for registration and issuance, a risk-based approach. Such an approach may consist of:

(a) Quantitative approach via sampling: The analysis of historical data collected from the start of the operations of CDM would be used to identify criteria that could be used to predict probability of failures and/or compliance in order to classify submissions into risk categories. Depending on the risk level attributed to each category, the size of the sample of submissions to be assessed is determined. Four risk categories could be defined:

(i) Category 1: high risk submissions - all these submissions are assessed fully;

(ii) Category 2: medium-high risk submissions - 60% of these submissions are assessed;

(iii) Category 3: medium-low risk submissions - 40% of these submissions are assessed;

(iv) Category 4: low risk submissions - 20% of these submissions are assessed;

(b) Qualitative approach via targeted assessments: This approach comprises of not fully assessing a sample of submissions. Rather, a pre-defined percentage of submissions in each of the above risk categories could be assessed only for specific areas where historical data have shown that most of the problems occur. For this purpose, data collected and analysed within the performance monitoring of DOEs will be used. The areas to be assessed would change over time as new data is gathered and analysed. It would be a living system that would be updated based on the periodic reports of the DOE performance monitoring. To ensure that new issues are accounted for, it is proposed to use this approach only on a portion of the submissions. The rest of the submissions should be assessed fully to ensure keeping up to date with new arising issues in the validation/verification reports.

III. Analysis

1. Justification of the approach

99. Risk management is a common tool used in majority of systems across the worlds even in very critical fields such as food security or health system. In the CDM, currently 100% of the submissions are assessed and are theoretically checked in depth. However, analysis of the data shows that a large number of submissions would realistically not be checked in depth within the stringent timelines due to the quantity of documents that has to be checked and also on the amount of documents that has to be used as reference to corroborate the findings. Therefore, to avoid such inconsistencies in assessments and allow a deep assessment for high level submissions, a risk based assessment should be introduced. However, in the design of such a system, minimising the impact on the environmental integrity should always be the driver for such an approach.

100. An analysis of the impact of the reviews raised for requests submitted in 2008-2010 on the amount of CERs (refer to the table below) shows that over one-third of reviews led to a change in the requested amount of CERs, which resulted in only a 2% loss of CERs to project participants. Although more reviews occurred for submissions in 2008 and 2009, this led to a very small change in CERs. For requests submitted in 2010, there were less reviews than in previous years, however, resulting in a slightly larger change in CERs.

Table 11. Effect of reviews on requested CERs by year

Submission Year	# of finalized requests	Total CERs requested	# of reviewed requests	Total CERs reviewed	# of requests where CERs changed	% of reviewed requests where CERs changed	Total CER change *	% CER change of reviewed requests	# of requests with + change	# of requests with - change	% CER change of finalized requests
2008	492	130,227,085	133	23,429,004	50	37.6%	-112,085	-0.5%	7	43	-0.1%
2009	616	133,274,641	106	16,677,718	42	39.6%	-521,454	-3.1%	5	37	-0.4%
2010	820	166,393,660	91	36,531,445	27	29.7%	-9,619,604	-26.3%	1	26	-5.8%
Totals 2008-10	1928	429,895,386	330	76,638,167	119	36.1%	-10,253,143	-13.4%	13	106	-2.4%

* **Note**: This includes the requested CERs from withdrawn and rejected requests that have not yet been re-submitted and finalized

101. This analysis shows that the effective impact on the environmental integrity should those submissions have not been checked is low. However, it is recognised that knowing that all submissions are checked is an incentive for submitting good quality reports. Therefore, it is not recommended to completely remove the checks. Instead, a check that takes into account risk levels and probability of issues arising from a certain type of submission, allowing a deep assessment of those in order to minimize the impact on environmental integrity, is recommended.

102. The analysis of the situation also shows that a significant amount of resources are dedicated to quality control in an attempt to have a zero risk. If a risk-based approach is adopted, these resources could be used to help improve the Board's requirements and guidance and ensure consistent assessment of submissions via a robust quality assurance system. It would also ensure better analysis and understanding of areas where DOEs have problems and addressing these issues by improving Board guidance in timely manner. The approach would also contribute to making the DOEs more in line with their role as the extended arm of the Board by putting more responsibility on them to ensure good quality submissions.

103. Furthermore, the implementation of DOE liability would be a step forward in using such an approach. When an issue is discovered in previous issuances that lead to excess issuance CERs, the related excess CERs would have to be compensated by the DOE to preserve the environmental integrity of the CDM.

2. Sampling

104. An analysis of the historical data related to requests submitted from the start of operation of CDM has been carried out. However, the data presented below focuses only on issuance requests to illustrate the concept. Analysis of the data related to registration submissions will also be carried out if the Board agrees on the approach.

105. A number of factors have been analysed to assess their influence on the failure rates (reviews, non-admission at the completeness check (CC) stage, and non-admission at the information and reporting check (IRC) stage). Only the factors that were found to have an influence are presented to illustrate the approach.

106. Due to time constraints, not all factors were analysed and modelled. Further analysis to define the exact criteria to predict risk levels will be needed, using various possible combinations of factors, where the impact is significant.

Rates of failures and number of CERs requested

107. The figures below shows initial investigations on the relationship between the number of CERs requested and the probability of a review occurring for that request using statistical modelling.

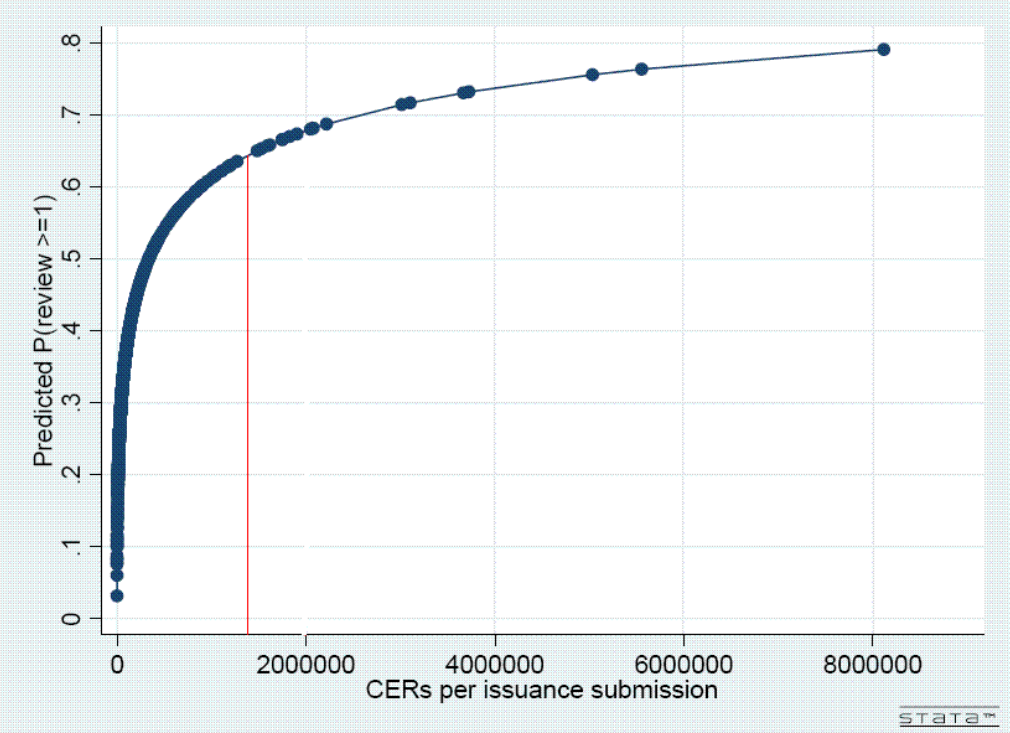

Figure 8. Probability of review based on amount of CERs requested (1)

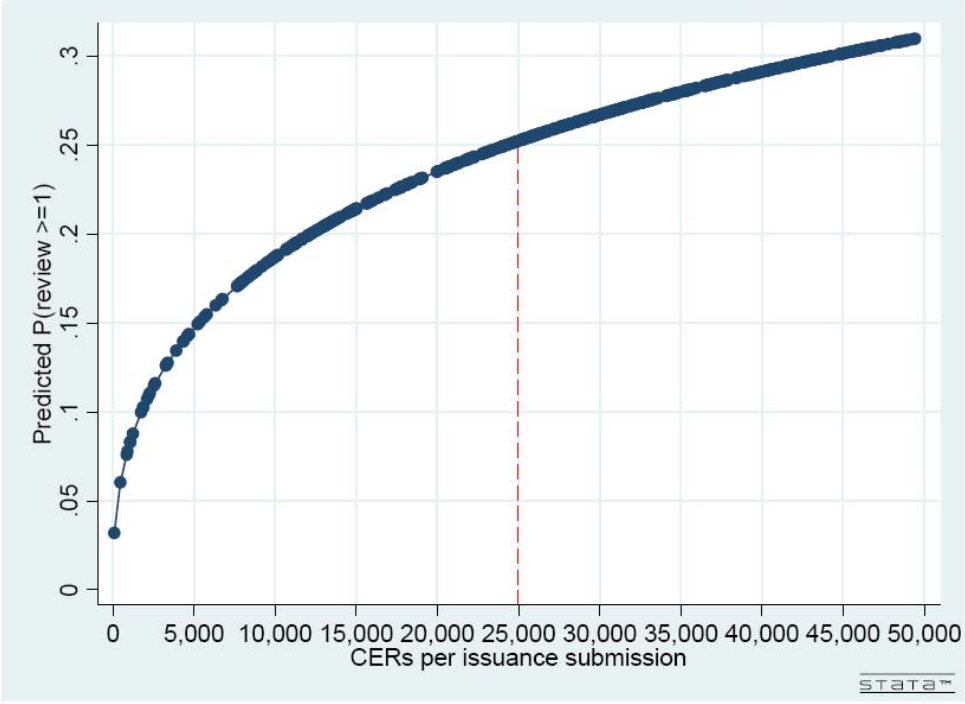

Figure 9. Probability of review based on amount of CERs requested (2)

108. The graphs show that the probability for a submission to be reviewed increases with increasing amount of CERs requested. A review is more likely to occur for submissions requesting more than 1,700,000 CERs (approximately 65% probability). However, there is less than 25% probability that a review is triggered for submissions requesting less than 25,000 CERs.

109. Based on this, it would be reasonable to assume that submissions with an amount of CERs requested above 1,700,000) are likely to be high risk submissions while those requesting less than 25,000 CERs are low risk submissions.

Rates of failures and compliance history

110. The following figure illustrates initial investigations on the relationship between the rate of reviews in issuance and whether a project was automatically registered or has had a review by the Board.

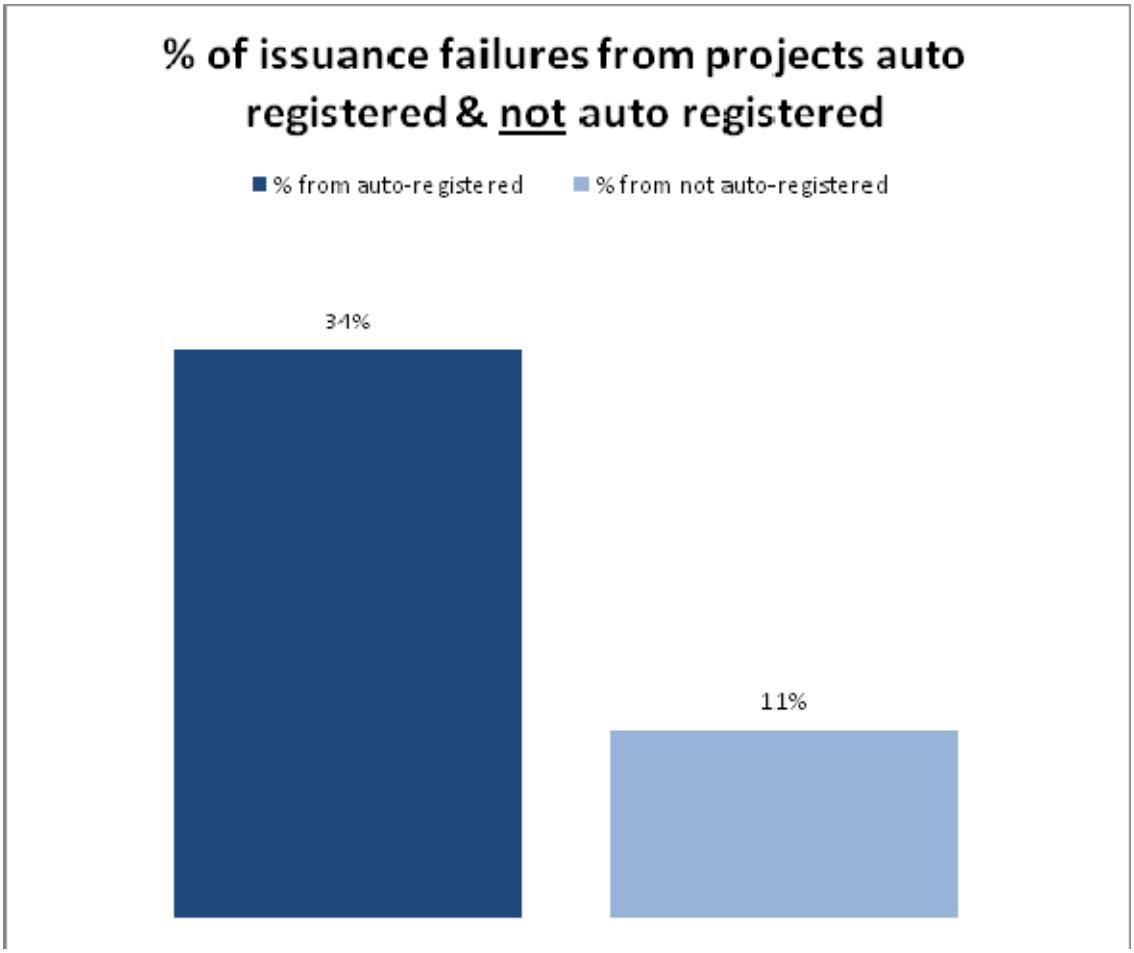

Figure 10. % of issuance failures based on type of registration

111. The figure shows that there is a higher rate of review of issuance requests from projects that were automatically registered than from projects that were not automatically registered.

112. Based on this, it would be reasonable to assume that submissions from projects that were not automatically registered are low risk submissions while submissions from projects that were automatically registered present a certain level of risk. To be able to quantify the actual risk inherent to such submissions, it is required to analyse them in combination to other factors.

Rates of failures and methodology type

113. The figure below shows initial investigations on the relationship between submissions belonging to a methodology type with the occurrence of reviews by the Board of such submissions.

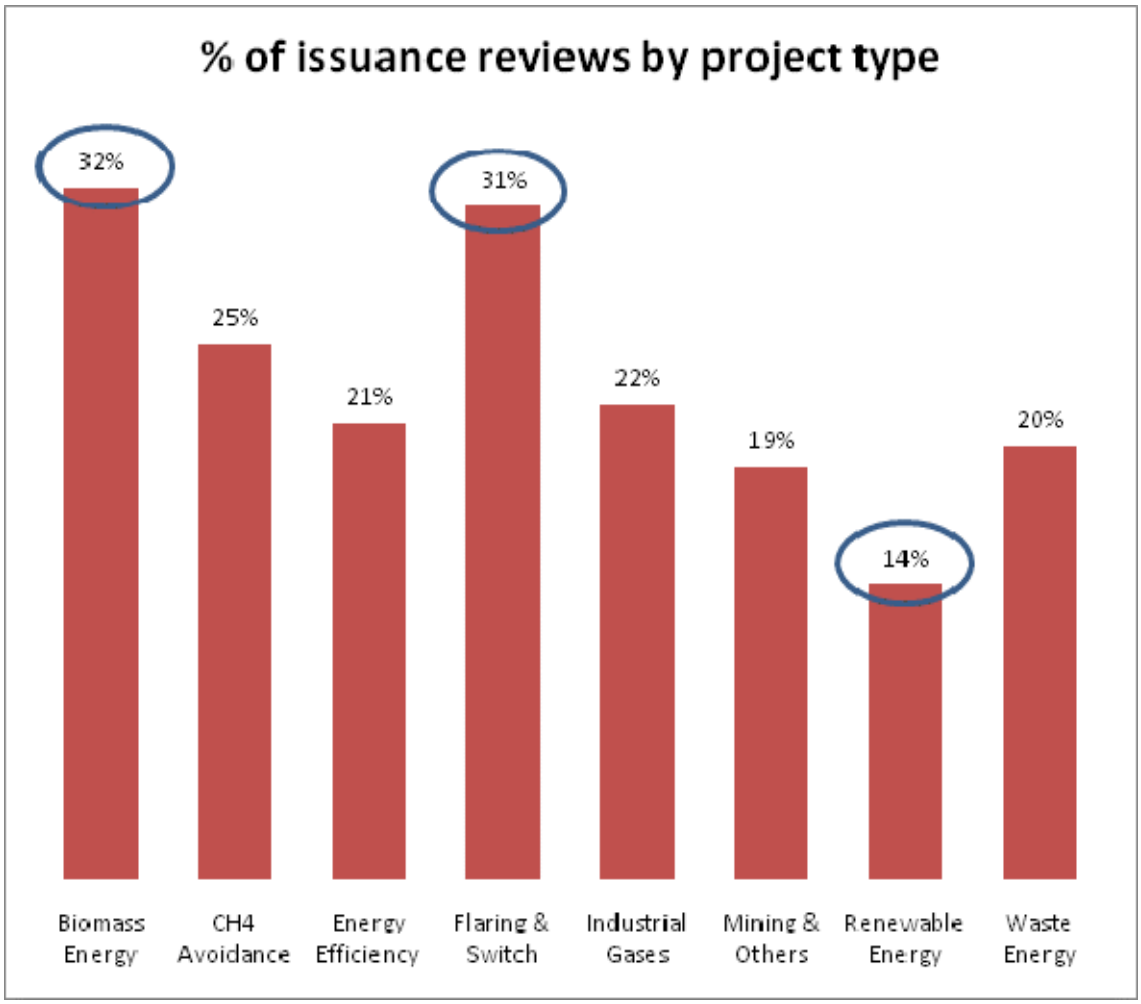

Figure 11. Percentage of issuance reviews by project type

114. Results shows that less than 15% of projects in Renewable Energy have been reviewed by the Board. It shows also that more than 30% of submissions in Biomass Energy and Flaring and Switch have been reviewed. (The 22% for Industrial Gases is likely due to absence of guidance. Further analysis is required once this guidance is provided.).

115. Based on this, it could be reasonable to assume that Renewable Energy submissions are low risk submissions. To adequately quantify the risk for the other types of submissions, analysing them in combination with other factors is required.

Influence of compliance history and the methodology type on the failure rate

116. The figure below illustrates initial investigations on the relationship between the rate of reviews in issuance and whether a project was automatically registered or not by methodology type.

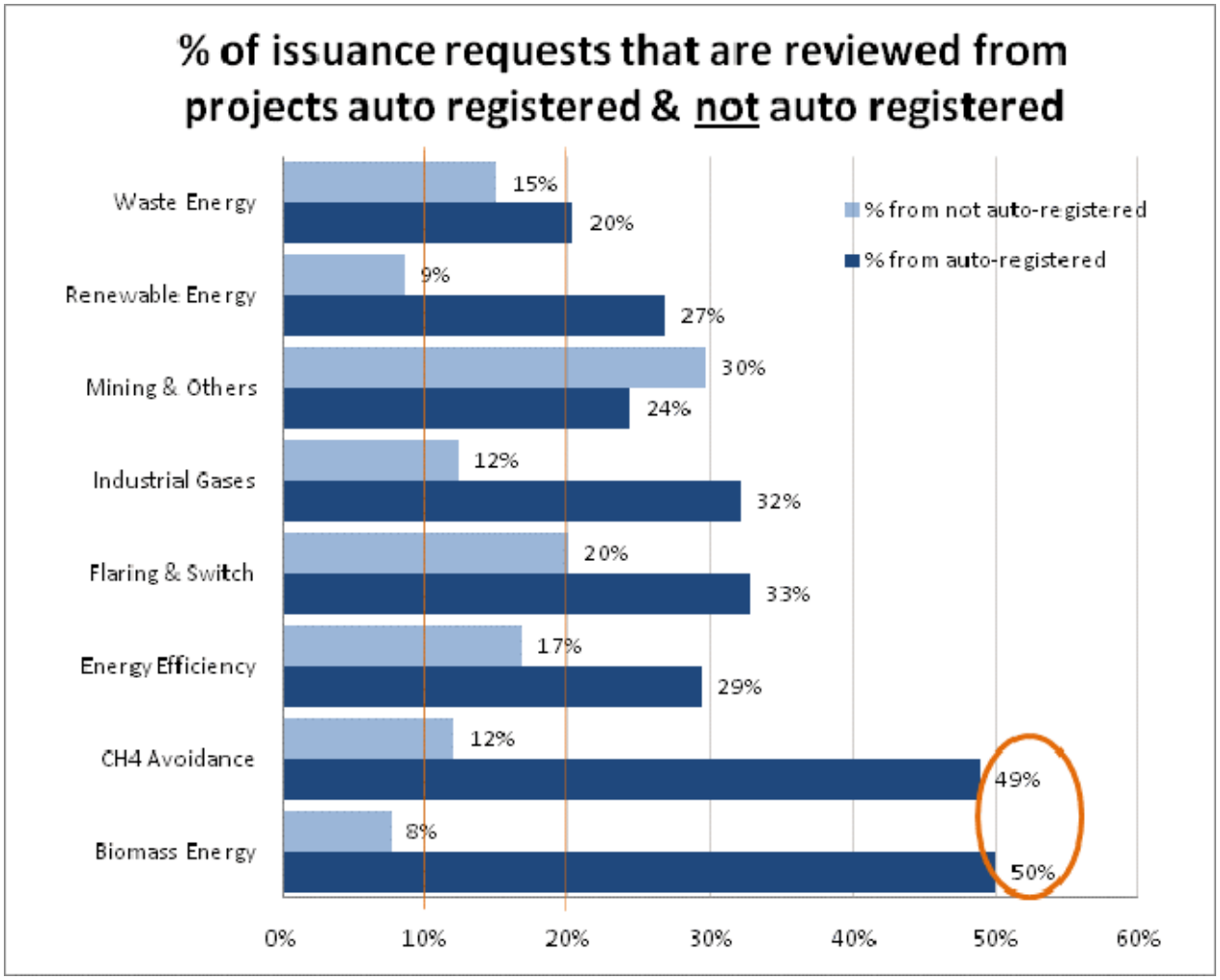

Figure 12. Percentage of reviewed issuance requests by registration type

117. The figure above shows that less than 10% of the submissions in Renewable Energy and Biomass Energy belonging to projects that were automatically registered have had a review. It also shows that only less than 20% of the submissions in Waste Energy, Industrial Gases and CH4 Avoidance, Energy Efficiency and Flaring & Switch have a review triggered by the Board.

118. The analysis of the graph shows also that almost half of the submissions in biomass energy and CH4 avoidance from projects that were automatically registered were reviewed by the Board. Almost a third of the submissions in Flaring & Switch and Industrial Gases from projects that were not automatically registered have had a review by the Board.

119. From above, it could be assumed that renewable energy and biomass energy that were not automatically registered fall into low risk category while submissions from the same methodology types that were automatically registered are high risk submissions.

120. It could also be concluded that submissions that were not automatically registered and that are from Waste Energy, Industrial Gases, CH4 avoidance, Energy Efficiency and Flaring & Switch are medium-low risk categories while submissions from the same methodology types that were automatically registered are of medium-high risk category.

3. Targeted assessment

Registration

121. Analysis of data of the performance monitoring of DOEs for the first monitoring period (1 January to 30 June 2010) shows that 66% of the issues raised are related to the additionality of the project activity, 25% related to applicability of the baseline methodology, 19% related the application of the monitoring methodology and 0% in the other categories (Project description, Procedural and related requirements and Other CDM requirement).

122. The analysis also shows that the issues raised are in 46% of the cases related to reporting, in 43% of the cases related to technical correctness and accuracy issues with regard to failure to identify non-compliance with the CDM requirements and in less than 1% related to failure to follow procedural requirements and other issues.

123. It would be recommended that the secretariat further analyze where the trends are occurring and, for a sample of submissions, target their assessment in the specific areas where the majority issues are raised.

Issuance

124. Analysis of issuance data of the performance monitoring of DOEs shows that 48% of the issues raised are related to the assessment of data and calculation of greenhouse gas emission reductions, 11% and 12%, respectively, related to compliance of the monitoring plan with the monitoring methodology and compliance of the monitoring with the monitoring plan. 7% of the issues raised are related to procedural and related requirements.

125. The analysis also shows that the issues raised in 40% of the cases are related to reporting, 26% of the cases related to technical correctness and accuracy issues with regard to failure to identify non-compliance with the CDM requirements. Only 10% of the issues raised are related to failure to follow procedural requirements and 23% of the issues raised are related to other issues.

126. It would be recommended that the secretariat further analyze where the trends are occurring and, for a sample of submissions, target their assessment in the specific areas where the majority issues are raised.

IV. Expected Impact

127. Exact evaluation of the impact on the workload of the secretariat would be difficult before defining a holistic approach where all possible factors influencing risk are determined, classifying all

current submissions in their appropriate risk category and, subsequently, defining the sample to be assessed.

128. However, taking into account the result of the preliminary investigation and analysis carried out above, one could demonstrate an example of a classification system:

(a) Low risk submissions are:

(i) Submissions requesting less than 25,000 CERs;

(ii) Submissions in Renewable Energy and Biomass Energy that were not automatically registered;

(b) Medium-low risk submissions are submissions in Waste Energy, Industrial Gases and CH4 avoidance, Energy Efficiency and Flaring & Switch;

(c) Medium-high risk submissions are submissions in Waste Energy, Industrial Gases and CH4 avoidance, Energy Efficiency and Flaring & Switch that were automatically registered.

129. Using the above classification, if we take into consideration only the risk related to the methodology type, 40% of the requests submitted in 2010 (representing 495 submissions) would have not been assessed, which would have had a significant impact on the workload and throughput of the Board and the secretariat and reduced the waiting time for the commencement of the completeness check.

130. With the implementation of the targeted assessment component of the approach, it is expected that processing time of the submissions would be reduced even further, allowing for processing a higher number of submissions by a staff member.

131. The implementation of the proposal will have an impact on the current IT system since the subsystems and workflows will need to be substantially amended to flag risk indicators appropriately to facilitate classification and reflect that for some submissions some steps wouldn't be performed

132. The implementation of this approach would also require changes in the registration and issuance procedure to take into account submissions that are part of the sample and not be assessed. It also implies having two sets of checklists, reflecting one set for the full assessment of submissions and in the second set, the targeted assessment. The second set of checklists would have to be amended frequently to account for new issues that arise and issues that are not problematic anymore.

V. Interrelated tasks

133. The adoption of the risk-based assessment approach would have an impact on the ongoing work on the "Project Cycle Procedure" (including the provisions of DOE liability), which would have to integrate this approach.

134. In addition, any implementation will also be dependant on the procurement of appropriate and timely IT support necessary for the changes to the IT workflows, as well as the time taken for the completion of these IT changes.

VI. Implementation actions and required changes

135. If the proposals are adopted by the Board, a thorough analysis of historical data related to both registration and issuance submissions would have to be carried out in order to define more accurately the risk factors. Further analysis of other factors and their combinations used to predict risk would also have to be carried out in order to minimise the impact on the environmental integrity. Such data would have to be continuously analysed to take into account new issues raised and new circumstances.

136. Data gathered with respect to DOE performance monitoring would also have to be frequently and continuously analysed. However, the pace of the assessment of the submissions would need to be increased in order to immediately account for new issues and have the most up-to-date and accurate predictability system.

137. The IT system will need to be modified to facilitate risk classification and enable the secretariat to not perform a deep assessment of a sample of defined submissions.

138. The "Project Cycle Procedure" would need to integrate the approach and related forms and checklists would have to revised and/or created.

VII. Recommendation

139. It is recommended that the risk-based approach is implemented with its two components: sampling and targeted assessments.

140. In order to define risk factors and classify submissions in appropriate risk categories, further analysis would need to be done on historical data both for registration and issuance cases.

141. It is recommended that the secretariat develop guidelines on how to predict inherent risk, how to classify submissions and how to frequently update such a system to be aware of new situations and arising issues.

142. It is recommended that in developing the "Project Cycle Procedure", the risk-based approach is integrated as part of it, highlighting the importance of the implementation of the DOE liability provisions.

V. Ongoing initiatives to improve efficiency

B. MEASURES FOR ENHANCING COMMUNICATION WITH STAKEHOLDERS

143. At its sixtieth meeting, the Board considered the information note on measures to enhance communication with stakeholders and requested the secretariat to draft a procedure for direct communication with stakeholders.

144. As described in the information note, direct communication should support the Board in taking decisions in a more efficient and effective manner and will be guided by the knowledge that well-informed stakeholders will be better positioned to comply with the expected quality standards, thus supporting the overall efficiency of the system.

145. As such, in drafting the procedure, it will be ensured that effective communication channels are set-up at the appropriate points in a process that allows for the relevant information to be shared in a timely manner. Thus, it should be noted that this initiative (already ongoing) will also contribute in developing more streamlined processes across the registration, issuance and methodology work streams.

C. TIMELINES FOR THE PROCESSING OF SUBMISSIONS

146. The CMP at its sixth session (decision 3/CMP.6 paragraph 60) urged the Board and the secretariat to ensure that the average waiting time prior to the commencement of processing is 15 days in 2011. Thus far, the secretariat has maintained this period at a consistent level of c. 25 days. This is a significant reduction from previous years. The level of the backlog in submissions has also been maintained at a relatively low level in 2011, though not eliminated. The secretariat is currently planning additional on-site exercises with external experts to further reduce the remaining backlog. This is expected to facilitate achievement of the CMP mandate. Further assessments of reductions in timelines can only be considered after fulfilment of this mandate.

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