

CDM-EB84-AA-A02

Concept note

Development of consolidated and
streamlined set of provisions for
programmes of activities

Version 01.0



United Nations
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1. Procedural background

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its tenth session, requested the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) to “streamline provisions relating to programmes of activities in the “CDM project standard”, “CDM validation and verification standard”, “CDM project cycle procedure” and other relevant documents, with a view to achieving consistency in a consolidated set of rules” (decision 4/CMP.10, para. 17).
2. The CMP, at the same session, also made the following requests to the Board that are specific to provisions for programmes of activities (PoAs):
 - (a) “Also requests the Executive Board to consider adjusting, and if appropriate implement, the rules governing programmes of activities to reflect the special features of programmes of activities in order to facilitate effective implementation and reduce associated transaction costs while ensuring environmental integrity, taking into account the implications for liability with regard to the issuance of certified emission reductions resulting from significant deficiencies in validation, verification and certification reports, including rules that:
 - (i) Apply microscale thresholds at the unit level rather than at the component project activity level (decision 4/CMP.10, para. 18(a));
 - (ii) Allow, as an option, a simplified validation and registration process for activities that satisfy microscale thresholds and are considered automatically additional; this option shall allow for:
 - a. Validation of a programme of activities without the submission of a specific-case component project activity;
 - b. Inclusion on the basis of a pre-approved standardized inclusion template of component project activities carried out directly by the coordinating/managing entity without prior validation through a designated operational entity” (decision 4/CMP.10, para. 18(b)).”
3. Furthermore, the CMP, at its ninth and tenth sessions, made the following requests to the Board that could affect provisions for both project activities and PoAs:
 - (a) “Requests the Executive Board, based on the experience gained through the application of materiality, as defined in decision 9/CMP.7, and in consultation with the Designated Operational Entities/Accredited Independent Entities Coordination Forum, to review the concept of materiality in the verification process and, if applicable, how it can be further applied in the clean development mechanism” (decision 3/CMP.9, para. 21);
 - (b) “Further requests the Executive Board to further analyse options to allow the simplified registration of project activities and programmes of activities that qualify as automatically additional and report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration: the options would include, inter alia, that registration is approved on the basis of a standardized pre-approved registration template using

objective criteria without prior validation through a designated operational entity, combined with ex post confirmation by a designated operational entity during the first verification of the compliance with the registered template of the implemented project activity or programme of activities” (decision 4/CMP.10, para. 13);

- (c) “Requests the Executive Board to analyse the implications, and possible provisions for ensuring environmental integrity, of allowing the same designated operational entity to carry out validation and verification for the same project activity or programme of activities of all scales and report back on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session for its consideration” (decision 4/CMP.10, para. 14).
- 4. The Board, at its eighty-second meeting (EB 82), considered the “Concept note: Simplification of the project submission, registration and issuance process and further opportunities for streamlining of the CDM”, and agreed to the proposals in the concept note including the development of a consolidated and streamlined set of provisions for PoAs as one of the products under this project (MAP project 246).
- 5. Also at EB 82, the Board requested the secretariat to launch a call for public inputs on the simplification and streamlining of the CDM to feed into the project referred to in paragraph 4 above. The call was open from 26 February to 26 March 2015. Some inputs received from the call are specific to PoAs, while others apply to both project activities and PoAs. All inputs are contained in the appendix to the “Concept note: Proposals for simplification and streamlining of the CDM”, submitted as another annex to the annotated agenda of EB 84.

2. Purpose

- 6. The development of a consolidated and streamlined set of provisions for PoAs aims at enhancing the consistency and clarity of, as well as simplifying and streamlining, existing provisions for PoAs.

3. Key issues and proposed solutions

- 7. Currently, provisions that are applicable to PoAs are primarily found in:
 - (a) “CDM project standard” (PS);
 - (b) “CDM validation and verification standard” (VVS);
 - (c) “CDM project cycle procedure” (PCP);
 - (d) “Demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programme of activities” (PoA standard).
- 8. In the PS, VVS and PCP, some provisions are applicable only to project activities, others are applicable only to PoAs, and the rest are applicable to both. Although the section titles and paragraphs indicate the applicability to PoAs, project participants or coordinating/managing entities who wish to develop a PoA, or designated operational entities (DOEs) who wish to validate or verify a PoA, need to carefully read all provisions

- in these documents to have a clear understanding of all requirements for PoAs and not to miss any of the applicable requirements.
9. Furthermore, some provisions in the PS, VVS and PCP and other regulatory documents do not clearly indicate their applicability to PoAs, as rules and regulations on PoAs followed those for project activities at the beginning as applicable and later started evolving on their own. This includes the following issues:
 - (a) Many provisions applicable to project activities are also applicable to component project activities (CPAs) under a PoA, but often those provisions do not refer to CPAs (e.g. specific design requirements in sections 8, 9 and 10 of the PS);
 - (b) Even if provisions refer to “CPAs”, it is not clear whether it refers to generic CPAs and/or specific-case CPAs (e.g. design requirements for all project types in section 7 of the PS).
 10. Based on the requests from the CMP as referred to in paragraphs 1–3 above, and to address the relevant inputs from the public as referred to in paragraph 5 above and issues referred to in paragraphs 8 and 9 above, it is proposed to create the PoA version of the PS, VVS and PCP as deliverables for a consolidated and streamlined set of provisions for PoAs.
 11. The three new regulatory documents referred to in paragraph 10 above will be drafted through the following process:
 - (a) Clarify the applicability of all provisions to PoAs, generic CPAs and/or specific-case CPAs in the current versions (i.e. version 09.0) of the PS, VVS and PCP in response to the issues referred to in paragraph 9 above;
 - (b) Move all provisions related to PoAs from the current versions of the PS, VVS and PCP and other relevant regulatory documents into the PoA version of the PS, VVS and PCP in response to the issue referred to in paragraph 8 above;
 - (c) Reflect the Board’s agreements on the changes to the rules on PoAs to address the requests from the CMP referred to in paragraphs 2 and 3 above,¹ relevant inputs from the public referred to in paragraph 5 above and any other changes that could be agreed by the Board in the context of the simplification and streamlining of the CDM referred to in paragraph 4 above.
 12. It should be noted that the proposed approach would necessitate a full revision of the current versions of the PS, VVS and PCP, resulting in the PoA version as well as the project activity version of the PS, VVS and PCP (i.e. six regulatory documents in total). To avoid frequent revisions of these documents, it is proposed to synchronize such full revision with the revision of these documents in the context of the simplification and streamlining of the CDM referred to in paragraph 4 above.

¹ The proposals for changes to the rules on PoAs will be prepared in the other work-stream “Proposals for simplification and streamlining of the CDM” under the MAP project 246 referred to in paragraph 4 above.

4. Impacts

13. The consolidated and streamlined set of provisions for PoAs will:
- (a) Facilitate understanding of and improve the usability of provisions for PoAs for project participants, coordinating/managing entities and DOEs;
 - (b) Reduce the number of requests for clarifications and queries on PoAs;
 - (c) Reduce time and cost to develop, implement/monitor, validate and verify PoAs;
 - (d) Contribute to increased uptake of PoAs.

5. Proposed work and timeline

14. The following table indicates the proposed revisions to the timeline agreed at EB 82 to complete the deliverables based on the proposed approach referred to in paragraphs 10–12 above.

Table 1. Proposed revised timeline

	EB 84	EB 85	EB 86	EB 87	2016 or later
Timeline agreed at EB 82	Concept	Draft (preceded by call)	Final		
Proposed revised timeline	Concept		Information note on the progress of the work		Draft (preceded by call)/Final

15. It is recommended that the secretariat start the work referred to in paragraphs 11(a) and (b) above after EB 84. This allows the speedy development of the PoA version of the PS, VVS and PCP in 2016 or later. As indicated in table 1 above, it is also proposed that the secretariat update the Board on the progress of the work at EB 86 with a view to feeding into reporting back on this matter to the CMP at its eleventh session.

6. Recommendation to the Board

16. The secretariat recommends that the Board agree to the approach recommended in paragraphs 10–12 above and the work and timeline proposed in paragraphs 14 and 15 above.

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