

**CDM-EB82-AA-A09**

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# Synthesis report of the annual activity reports submitted by the DOEs (2013–2014)

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

## **COVER NOTE**

### **1. Procedural background**

1. In accordance with paragraph 27(g) of the “Modalities and procedures for a clean development mechanism” (CDM) (decision 3/CMP.1, annex) and section 18 of the “CDM accreditation procedure” (version 11.0), designated operational entities (DOEs) shall submit an annual CDM activity report to the CDM Executive Board (hereinafter referred to as the Board). Every year the secretariat produces a synthesis report of the annual activity reports submitted by the DOEs.
2. Paragraphs 20 and 21 of 2/CMP.5 require information to be collected regarding the number of project activities under validation or verification per qualified auditor, and the time frames and average fees for the validation and verification of CDM projects by region. The annual activity reporting process provides an opportunity to gather such information from the DOEs, which has subsequently been aggregated below.
3. The previous synthesis report was presented at the seventy-sixth meeting of the Board where “the Board requested the secretariat to expand information on trends in income and expenditure in future reports and factor in changes in the volume of validation and verification activities when considering reasons for DOEs declining projects.”

### **2. Purpose**

4. The purpose of the report is to enable a range of stakeholders to understand the current status of the operations of DOEs.

### **3. Key issues and proposed solutions**

5. The present document is a synthesis report, prepared by the secretariat, of the annual activity reports submitted by DOEs in 2014, in accordance with the requirements of section 18 of the CDM accreditation procedure (version 11.0), covering the period from 1 July 2013 to 30 June 2014.
6. Trends in income and expenditure for the last four reporting periods are provided in figure 14, as requested by the Board. Addressing the second part of the Boards request, a new category has been added to figure 8 to reflect changes in the volume of validation and verification activities as an additional reason for declining projects.

### **4. Impacts**

7. This report is a public document and will enable a range of stakeholders to understand, in a transparent way, the current status of the operations of DOEs.

### **5. Subsequent work and timelines**

8. The work on this report will be complete following its consideration at this Board meeting.

## **6. Recommendations to the Board**

9. The secretariat recommends that the Board take note of the attached information note.

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## 1. Executive summary

1. This report provides information and analysis regarding the accreditation status of the 45 designated operational entities (DOEs) accredited as at 30 June 2014, the end of the reporting period. It also provides information about the operations of these DOEs and their activities related to the clean development mechanism (CDM) as well as the challenges faced and lessons learned by them. The data, compiled by the secretariat, are submitted by each DOE and therefore constitute a self-declaration.
2. As in previous years, DOEs are undergoing significant changes. These changes have been noticeable in this reporting period, probably due to a declining market for CDM validation and verification services.
3. There are at least 16 DOEs accredited in each sectoral scope (excluding sectoral scope 16 where there is only one) indicating that there is sufficient coverage of accredited DOEs in each sectoral scope. Geographic coverage is also extensive, with almost half of the DOEs reporting that they worked in countries with fewer than 10 registered CDM projects.
4. The use of external individuals<sup>1</sup> continues to be on the rise, probably in an effort to reduce costs. The quality of these services will need to be monitored by the assessment teams.
5. Complaints, which are predominately due to delays, are declining in tandem with the overall declining numbers of cases.
6. Validation and verification services remain predominately in the hands of a quarter of all DOEs; the distribution of these has changed over time.
7. The decline of service provision is increasing slightly, with a lack of resources as the primary reason followed by economic conditions.
8. Fees in Africa and Latin America and the Caribbean decreased since the previous reporting period. Conversely, the fees for Asia and the Pacific and Eastern Europe have increased.
9. An increased number of DOEs made a loss. More than 50 per cent of DOEs either made a loss or broke even in the period.

## 2. Introduction

10. In accordance with paragraph 27(g) of the “Modalities and procedures for a clean development mechanism” (decision 3/CMP.1, annex) and section 18 of the “CDM accreditation procedure” version 11.0, DOEs shall submit an annual CDM activity report to the CDM Executive Board (hereinafter referred to as the Board). Every year the secretariat produces a synthesis report of the annual activity reports submitted by the DOEs.

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<sup>1</sup> In accordance with the CDM accreditation standard (version 6.0) an external individual may be self-employed, part of a one-person company or employed by any other company, as validators, verifiers, technical experts, team leaders and technical reviewers.

### 3. Scope

11. The present document is a synthesis report of the annual activity reports submitted by DOEs in 2014.

## 4. Synthesis report

### 4.1. Introduction

#### 4.1.1. Period covered by the report

12. This report is for the period from 1 July 2013 to 30 June 2014. In addition, for comparison purposes, there is data from the previous three reporting periods, covering the period from 1 July 2010 to 30 June 2013.
13. As in previous iterations, the deadline for submission of the annual activity report was 30 September. All DOEs that were accredited as of 30 June 2014 (a total of 45) submitted signed copies of their reports in conjunction with the relevant supporting documentation (impartiality committee report and a list of CDM project activities). Seven DOEs missed the deadline.
14. The data were submitted by each DOE through the CDM-AAR-FORM and therefore constitute a self-declaration. These data were then compiled by the secretariat in order to produce the synthesized data as contained herein.

### 4.2. Accreditation status

#### 4.2.1. Scope(s) accredited for and date of accreditation

15. The 45 DOEs reported the sectoral scopes for which they are accredited and their location. The submitted data are presented in a short summary and in table 1 below:
  - (a) Average number of sectoral scopes a DOE is accredited for: (*10, 8, 9*)<sup>2</sup> **9**;
  - (b) Number of DOEs accredited in 15 sectoral scopes: (*12, 10, 10*) **7** (there is only one DOE that is accredited for all 16 scopes);
  - (c) Occurrences of suspension during the reporting period: (*1, 1, 2*) **1**.

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<sup>2</sup> For comparative purposes the data from the 2010–2011, 2011–2012 and 2012–2013 reporting periods are stated respectively in italic text in brackets.

**Table 1. Accreditation status of DOEs**

Ref	Entity	Country	Sectoral scope <sup>3</sup> for validation/verification
E-0001	Japan Quality Assurance Organisation (JQA)	Japan	1, 3–5, 9, 10, 13, 14
E-0002	JACO CDM., LTD (JACO)	Japan	1, 3, 13, 14
E-0003	DNV Climate Change Services AS (DNV)	Norway	1–15
E-0005	TÜV SÜD South Asia Private Limited (TÜV SÜD)	India	1–15
E-0006	Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd. (Deloitte-TECO)	Japan	1–5, 8, 10, 12, 13, 15
E-0007	Japan Consulting Institute (JCI)	Japan	1, 2, 4, 5, 8–10, 13
E-0009	Bureau Veritas Certification Holding SAS (BVCH)	France	1–15
E-0010	SGS United Kingdom Limited (SGS)	United Kingdom	1–7, 9–13, 15
E-0011	Korea Energy Management Corporation (KEMCO)	Republic of Korea	1, 3–5, 7, 9, 11–15
E-0013	TÜV Rheinland (China) Ltd (TÜV Rheinland)	China	1–15
E-0016	ERM Certification and Verification Services Ltd. (ERM CVS)	United Kingdom	1–5, 8–10, 13, 15
E-0020	Conestoga Rovers & Associates Ltd (CRA)	Canada	1, 4, 5, 8–10, 12, 13
E-0021	Spanish Association for Standardisation and Certification (AENOR)	Spain	1–15
E-0022	TÜV NORD CERT GmbH (TÜV Nord)	Germany	1–16
E-0023	Lloyd's Register Quality Assurance Ltd. (LRQA)	United Kingdom	1–13
E-0024	Colombian Institute for Technical Standards and Certification (ICONTEC)	Colombia	1–5, 7, 10, 13–15
E-0025	Korean Foundation for Quality (KFQ)	Republic of Korea	1–5, 8–11, 13

<sup>3</sup> The sectoral scopes are defined in the CDM accreditation standard (version 6.0) (CDM-EB46-A02-STAN) as follows: 1: Energy industries (renewable/non-renewable sources); 2: Energy distribution; 3: Energy demand; 4: Manufacturing industries; 5: Chemical industry; 6: Construction; 8: Mining/mineral production; 9: Metal production; 10: Fugitive emissions from fuels; (solid, oil and gas); 11: Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride; 12: Solvents use; 13: Waste handling and disposal; 14: Afforestation and reforestation; 15: Agriculture; 16: Carbon capture and storage of CO<sub>2</sub> in geological formations.

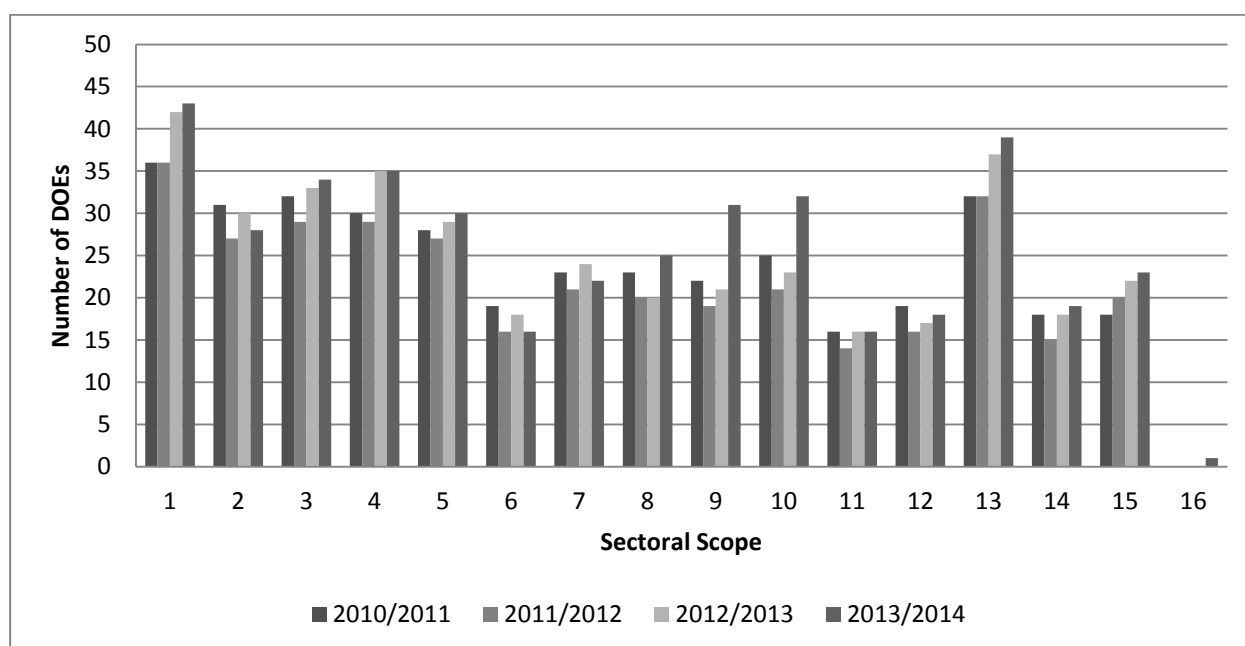
Ref	Entity	Country	Sectoral scope <sup>3</sup> for validation/verification
E-0031	Perry Johnson Registrars Carbon Emissions Services (PJRCS)	United States	1–4, 7, 9, 10, 12, 13, 15
E-0032	LGAI Technological Center, S.A. (Applus)	Spain	1, 13
E-0034	China Environmental United Certification Center Co., Ltd. (CEC)	China	1–15
E-0037	RINA Services S.p.A. (RINA)	Italy	1–11, 13–15
E-0038	SIRIM QAS INTERNATIONAL SDN.BHD (SIRIM)	Malaysia	1–4, 7–10, 13, 15
E-0039	Korean Standards Association (KSA)	Republic of Korea	1–5, 9, 10, 13
E-0040	Korea Environment Corporation (KECO)	Republic of Korea	1, 3, 13
E-0041	Japan Management Association (JMA)	Japan	1–4, 6, 8, 9, 14
E-0042	Germanischer Lloyd Certification GmbH (GLC)	Germany	1–5, 7–10, 13, 15
E-0044	China Quality Certification Center (CQC)	China	1–15
E-0045	Ernst & Young Associés (France) (EYG)	France	14
E-0046	China Classification Society Certification Company (CCSC)	China	1–10, 13
E-0047	CEPREI certification body (CEPREI)	China	1–5, 8–10, 13, 15
E-0049	Indian Council of Forestry Research and Education (I.C.F.R.E)	India	14
E-0050	Hong Kong Quality Assurance Agency (HKQAA)	China	1
E-0051	KBS Certification Services Pvt. Ltd (KBS)	India	1, 3–5, 7, 9, 10, 12, 13, 15
E-0052	Carbon Check (Pty) Ltd (Carbon Check)	South Africa	1–5, 8–10, 13, 14
E-0054	Re-consult Ltd. (Re-consult)	Turkey	1
E-0055	URS Verification Private Limited (URS)	India	1, 13
E-0056	Korea Testing & Research Institute (KTR)	Korea	1, 4, 5, 9–11, 13
E-0057	IBOPE Instituto Brasileiro de Opinião Pública e Estatística Ltda. (IBOPE)	Brazil	1
E-0058	Foundation for Industrial Development (MASCI)	Thailand	1, 3, 4, 9, 10, 13, 15



Ref	Entity	Country	Sectoral scope <sup>3</sup> for validation/verification
E-0060	Korean Register of Shipping (KR)	Republic of Korea	1, 7, 13
E-0061	Shenzhen CTI International Certification Co., Ltd (CTI)	China	1–4, 6–10, 13
E-0062	EPIC Sustainability Services Pvt. Ltd. (EPIC)	India	1–11, 13–15
E-0063	Northeast Audit Co., Ltd (NAC)	China	1–13, 15
E-0064	BRTUV Avaliações da Qualidade S.A. (BRTUV)	Brazil	1–5, 12–14
E-0066	Earthood Services Private Limited (Earthood)	India	1, 3–5, 8, 10, 12, 13, 15

16. Many DOEs gained accreditation in additional sectoral scopes due to the transitional measures for the implementation of the CDM accreditation standard (version 6.0). The most DOEs (43) are accredited in sectoral scope 1 and the least DOEs (one) are accredited in sectoral scope 16. Figure 1 below provides an overview of how many DOEs were accredited per sectoral scope.

**Figure 1. Number of DOEs accredited per sectoral scope**



#### 4.2.2. Sectoral scopes applied for and status of application

17. The DOEs reported on the sectoral scopes for which they had applied for accreditation during the period:

- (a) Number of DOEs maintaining the sectoral scopes for which they are accredited: (28, 33, 39) **39**<sup>4</sup>;
- (b) Number of DOEs reducing the sectoral scopes for which they are accredited: (2, 3, 3) **4**;
- (c) Number of DOEs increasing the sectoral scopes for which they are accredited: (8, 4, 2) **1**.

### 4.3. Organization

#### 4.3.1. Major changes in organizational structure and personnel

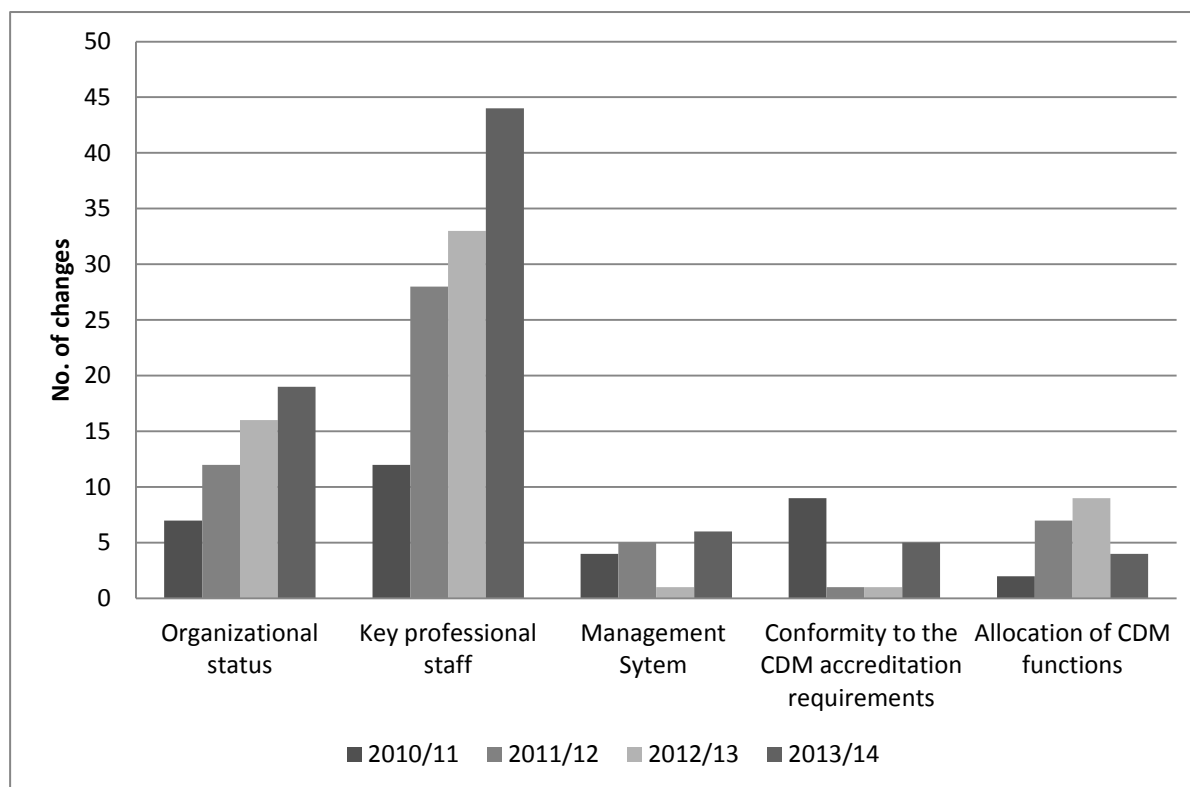
- 18. In accordance with section 17 of the “CDM accreditation procedure” (version 11.0), a DOE shall inform the secretariat of any planned significant change.
- 19. The DOEs reported on major changes that had taken place within the reporting period as follows:
  - (a) Sixty-four per cent of DOEs (28) reported major changes in organizational structure and personnel (61%, 23, 63% 26, 53%, 23);
  - (b) Total number of changes reported in the period: (52, 53, 60) **76**;
  - (c) Average number of reported changes per DOE: (1, 1, 1) **2**;
  - (d) Highest number of reported changes for a DOE: (5, 9, 5) **8**.
- 20. The changes were reported as per the CDM accreditation procedure, as outlined below in table 2 and visually displayed in figure 2.

**Table 2. Reported changes in organizational structure and personnel 2013–2014**

Type of change	Description of change	Number of changes
A	Legal, commercial or organizational status, e.g. ownership, partnership	(7, 12, 16) <b>19</b>
B	Key professional staff	(12, 28, 33) <b>44</b>
C	Management system	(4, 5, 1) <b>6</b>
D	Conformity to the CDM accreditation requirements	(9, 1, 1) <b>5</b>
E	Allocation of CDM functions to other offices or outsourced bodies.	(2, 7, 9) <b>4</b>

<sup>4</sup> Excludes the changes in sectoral scopes accredited due to the transitional measures.

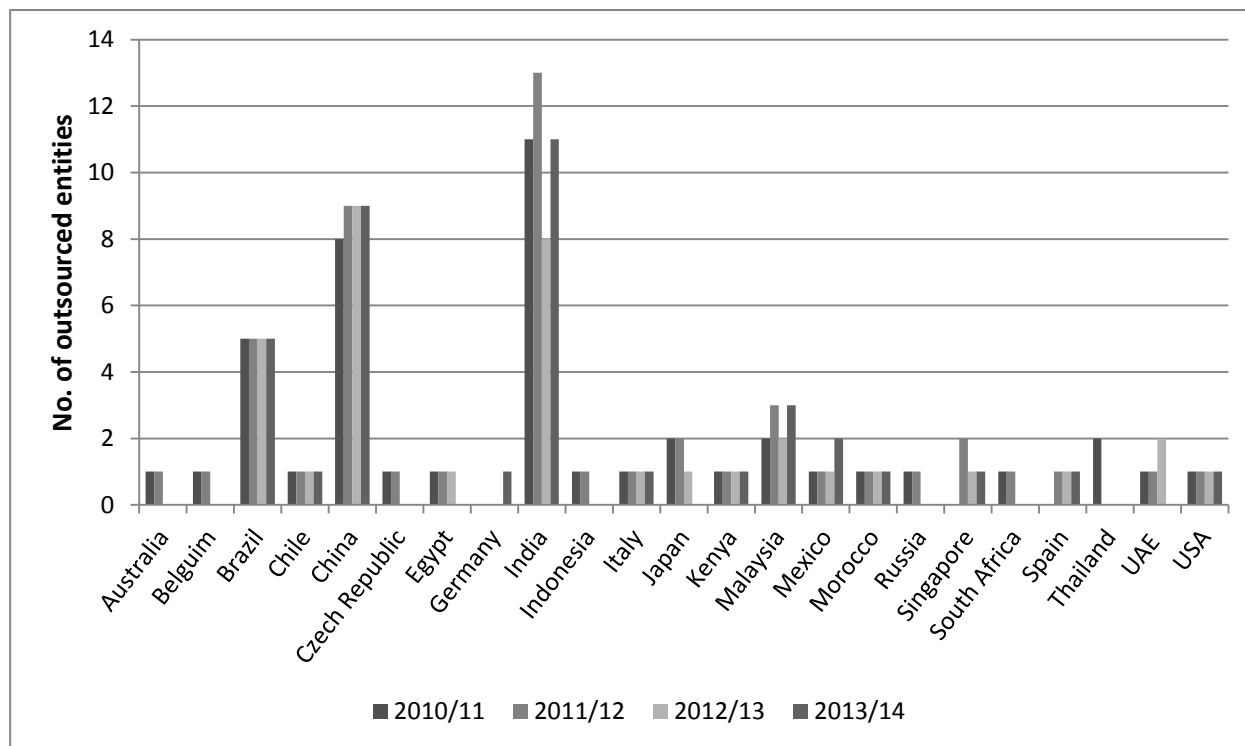
**Figure 2. Changes reported to the CDM-AP**



#### 4.3.2. List of outsourced entities, other legal entities to which the DOE outsourced some of the validation and verification/certification functions

21. In accordance with the CDM accreditation standard, a DOE may outsource some of the validation and verification/certification functions.
22. The DOEs reported on the allocation of functions to outsourced entities that had taken place within the reporting period, as follows:
  - (a) Twenty-seven per cent of DOEs (12) reported having outsourced entities (21%, 8, 23%, 9, 23%, 9);
  - (b) Average number of declared outsourced entities: (6, 5, 5) **3**;
  - (c) Highest number of outsourced entities for a DOE: (15, 13, 7) **7**.
23. Figure 3 below shows the countries in which the outsourced entities are located, the highest represented countries being India with (11, 13, 8) **11**, China with (8, 9, 9) **9** and Brazil with (5, 5, 5) **5**.

**Figure 3. Location of outsourced entities**



#### 4.3.3. Use of external individuals

24. In accordance with the CDM accreditation standard, DOEs may make use of external validators, verifiers and technical experts.
25. The DOEs reported on the use of external personnel that had taken place within the reporting period, as follows:
  - (a) Eighty-two per cent of DOEs (37) reported utilizing external personnel (80%, 30, 88%, 35, 67%, 29);
  - (b) Average number of external personnel utilized per DOE: (14, 17, 19) **21**;
  - (c) Highest number of external personnel utilized by a DOE: (75, 70, 74) **75**.

#### 4.3.4. Management systems

##### 4.3.4.1. Internal audit(s) carried out

26. Of the 45 DOEs, 43 carried out at least one internal audit. In the previous three reporting periods there was complete compliance regarding the internal audits.

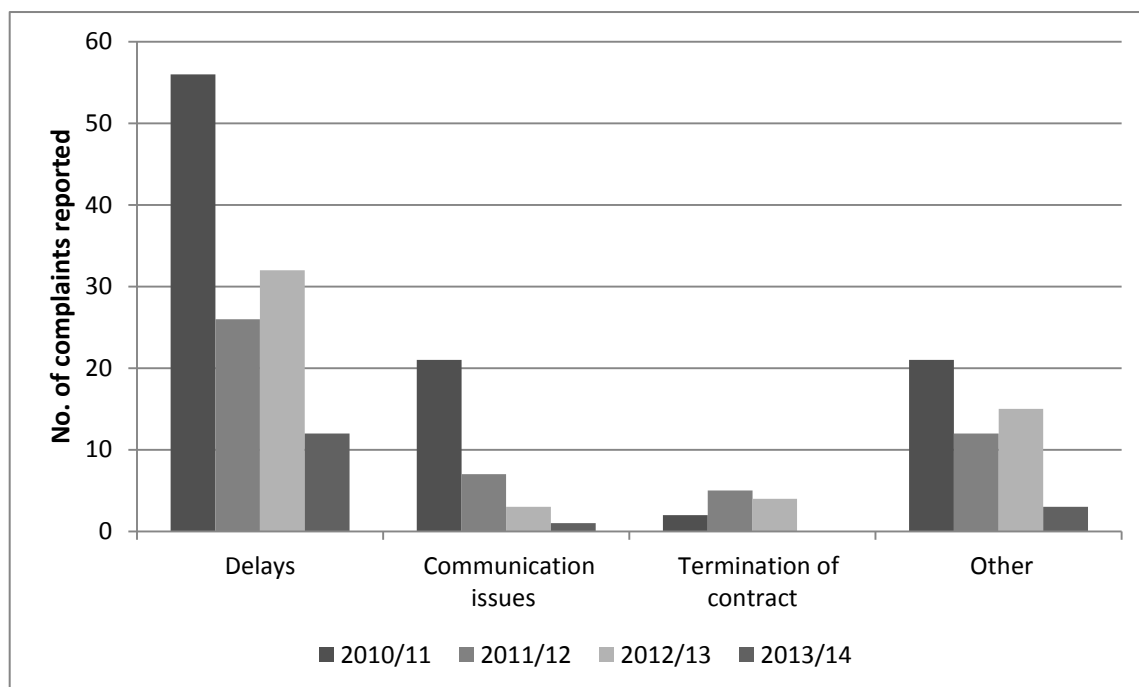
##### 4.3.4.2. Management review(s) carried out

27. Of the 45 DOEs, 43 carried out at least one management review. In the previous three reporting periods there was complete compliance regarding the management reviews.

#### 4.3.5. Complaints, disputes and appeals on CDM-related activities

28. Section 14 of the CDM accreditation standard relates to the handling of complaints, disputes and appeals as received by the DOE.
29. The DOEs reported on the complaints, disputes and appeals that had been received during the reporting period. The reported frequencies, as follows, have not been normalized for the lower number of cases processed by the DOEs during the period:
- (a) Thirteen per cent of DOEs (six) reported receiving complaints, disputes or appeals (29%, 11, 30%, 12, 30%, 13);
  - (b) Seventy-one per cent of reported complaints, disputes and appeals (12) were from project participants, with the remainder coming from stakeholders (96%, 2, 92%, 4, 69%, 9);
  - (c) The total number of complaints, disputes and appeals received: **17** (16 complaints, 1 appeal); (2010/2011: 44 complaints, 2 appeals; 2011/2012: 45 complaints, 4 disputes, 3 appeals; 2012/13: 54 complaints, 4 disputes and 4 appeals);
  - (d) The highest number of complaints, disputes and appeals received by one DOE was **7** (7 complaints); 2010/2011: 14 (13 complaints, 1 appeal); 2011/2012: 13 (12 complaints, 1 dispute); 2012/13: 11 (7 complaints, 4 disputes).
  - (e) In the most recent reporting period, 44 per cent of all complaints were targeted at one DOE.
30. Figure 4 below shows the complaints per the following classification types: delays, communication issues, termination of contract, and other issues. For the complaints reported as “other”, the following reasons were given: dispute concerning the bidding terms of a validation and disagreement on interpreting rules.

**Figure 4. Reported number of complaints per type**



#### 4.3.6. CDM-related training undertaken

31. Forty DOEs reported conducting CDM-related training:<sup>5</sup>
  - (a) Average number of training sessions per DOE: (10, 9, 8) **9**;
  - (b) Average duration of training session: (11, 10, 9) **5** hours;
  - (c) Average number of participants per session: (10, 12, 13) **10**;
  - (d) Highest number of training sessions for a DOE: (43, 38, 34) **55**.
32. Of the 374 CDM-related training sessions, 297 were internal and 77 were conducted by external providers, representing 21 per cent.
  - (a) The equivalent figures for the 2010–2011 reporting period were: 377 CDM-related training sessions, whereby 287 were internal and 90 were conducted by external providers, representing 24 per cent;
  - (b) The equivalent figures for the 2011–2012 reporting period were: 381 CDM-related training sessions, whereby 293 were internal and 78 were conducted by external providers, representing 20 per cent;
  - (c) The equivalent figures for the 2012–2013 reporting period were: 343 CDM-related training sessions, 260 were internal and 83 were conducted by external providers, representing 24 per cent.

<sup>5</sup> The level of detail as reported varied across the DOEs for this section

33. There were over (80, 40, 40) **40** training providers, from national and international institutes and associations, universities, standards associations and government departments, some of which are highlighted below:
- (a) Policy Research Center for Environment and Economy;
  - (b) Ministry of Environmental Protection;
  - (c) Voluntary Carbon Standard (VCS);
  - (d) Gold Standard Foundation;
  - (e) China New Energy Chamber of Commerce;
  - (f) The Institute for Global Environmental Studies (IGES);
  - (g) Enecore Carbon;
  - (h) The United Nations Framework Convention on Climate Change (UNFCCC);
  - (i) World Resource Institute (WRI);
  - (j) China Business Council for Sustainable Development (CBCSD);
  - (k) GHG Verification Association;
  - (l) National Institute of Environmental Human Resources Development, Republic of Korea;
  - (m) Greenhouse Gas Assurance Association of Japan (GAJ);
  - (n) National Institute of Quality Management and Quality Control, India;
  - (o) Green Energy Conference, K-DOE Forum, Guest speaker;
  - (p) The Southern African Auditing and Training Authority (SAATCA);
  - (q) World Bank Institute;
  - (r) South African DNA & UNFCCC RCC Uganda;
  - (s) Capacity Building Initiative for Trade Development in India (EU-CITD);
  - (t) Other DOEs;
  - (u) University teaching staff;
  - (v) The National Development and Reform Commission (NDRC) of the Government of the People's Republic of China;
  - (w) Individual consultants.

#### 4.4. Activities relating to the consideration of project activities

##### 4.4.1. List of project activities

34. Where applicable, each DOE submitted an Excel spreadsheet containing a list of all CDM project activities it worked on (validation and/or verification/certification)<sup>6</sup> during the reporting period.

##### 4.4.2. Status of project activities

35. The DOEs submitted information on all the CDM projects that they had worked on during the reporting period as presented in the short summary and table 3 below:
- (a) Ten DOEs were responsible for 80 per cent of the validation of projects initiated during the period.
    - (i) 2012–2013: 10 DOEs were responsible for 70 per cent;
    - (ii) 2011–2012: 10 DOEs were responsible for 70 per cent;
    - (iii) 2010–2011: 10 DOEs were responsible for 82 per cent;
  - (b) Ten DOEs were responsible for 76 per cent of the verification of projects initiated during the period.
    - (i) 2012–2013, 10 DOEs were responsible for 83 per cent;
    - (ii) 2011–2012, 10 DOEs were responsible for 83 per cent;
    - (iii) 2010–2011, 10 DOEs were responsible for 89 per cent.

**Table 3. Status of project activities**

Validation status	No. of validation activities	No. of verification activities
Initiated during this reporting period <sup>7</sup>	(1538, 2721, 793) <b>336</b>	(1403, 1735, 1668) <b>568</b>
Contract terminated during this reporting period	(231, 244, 309) <b>193</b>	(31, 29, 36) <b>79</b>
Withdrawn during this reporting period	(15, 28, 57) <b>23</b>	(11, 21, 31) <b>5</b>
Registered (validation)/CERs issued (verification) during this reporting period	(1087, 1081, 2593) <b>297</b>	(985, 1370, 2236) <b>559</b>
Rejected during this reporting period	(34, 23, 28) <b>9</b>	(13, 13, 5) <b>3</b>

<sup>6</sup> For the purpose of this report, a verification project activity is considered to be the verification of an individual monitoring report.

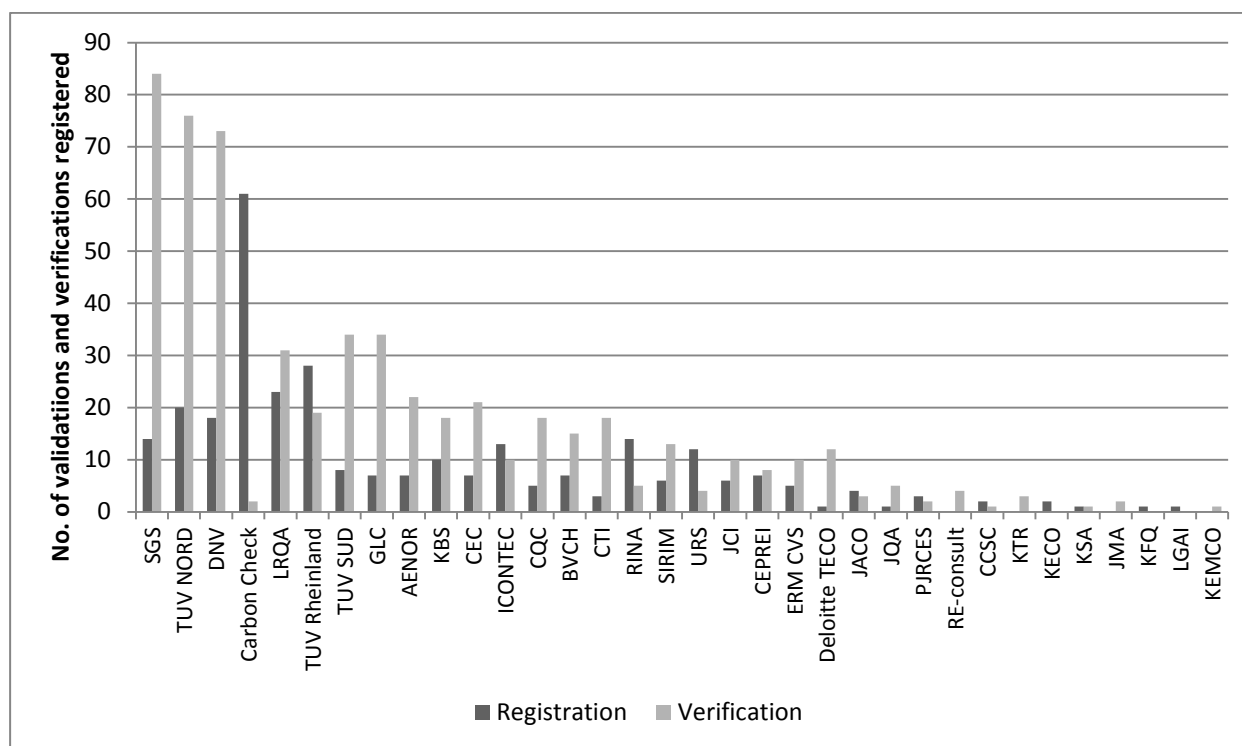
<sup>7</sup> For the purpose of this report, “initiated during this reporting period” is considered to be validation or verification/certification work that began during this period.



Validation status	No. of validation activities	No. of verification activities
Validation/verification ongoing as of final date of the reporting period (not yet submitted for registration/request for issuance)	(2716, 3564, 1386) <b>726</b>	(1168, 1364, 747) <b>418</b>
Validation/verification ongoing as of final date of the reporting period (already submitted for registration/request for issuance)	(504, 510, 901) <b>256</b>	(455, 413, 840) <b>296</b>

36. Figure 5 below indicates the distribution of registered validations and verifications among the DOEs. This indicates that a relatively small number of DOEs play a critical role in servicing the majority of the international needs for CDM validation and verification services.

**Figure 5. Distribution of validations and verifications among the DOEs**

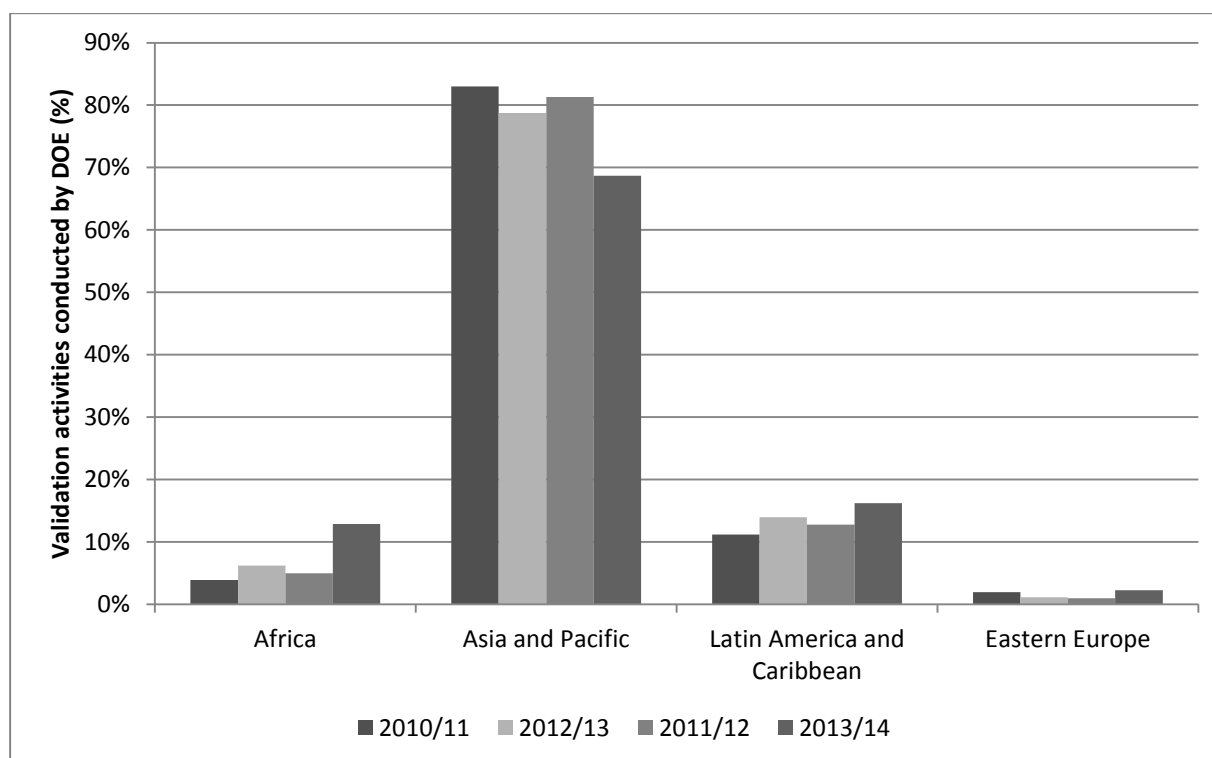


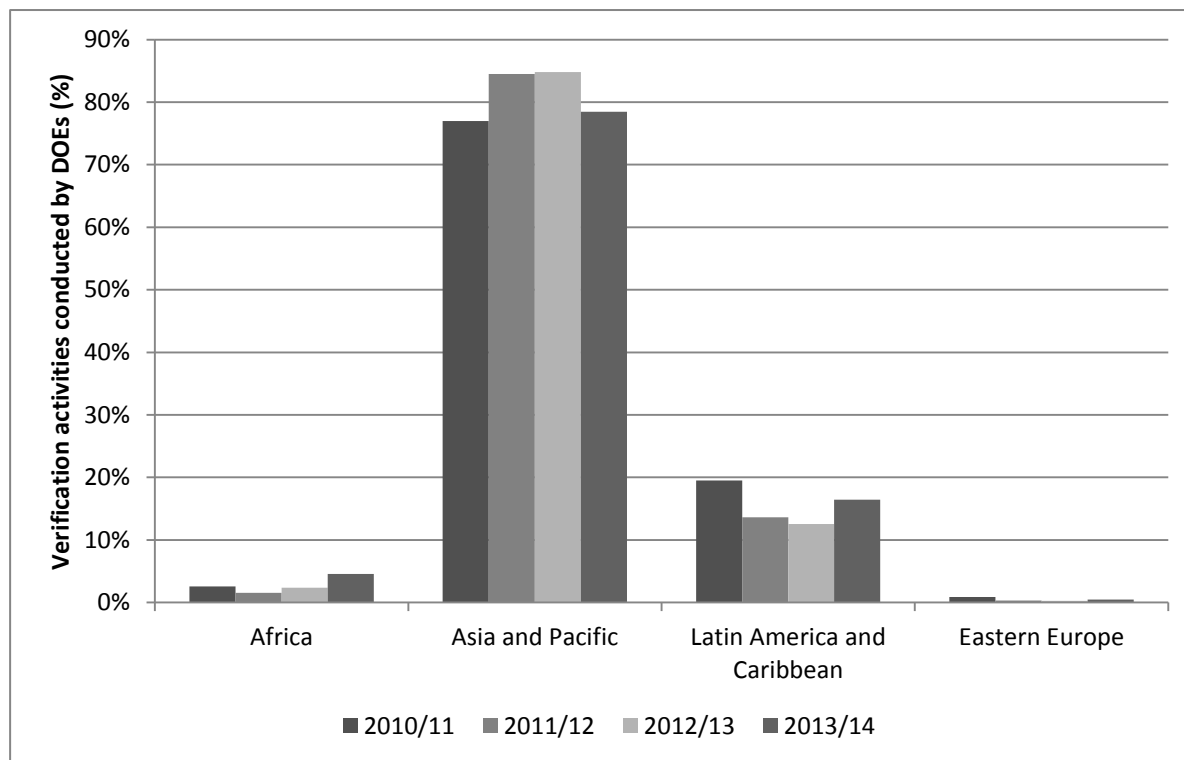
#### 4.4.3. Regional distribution of project activities

37. Each DOE submitted a list of all the CDM projects per region that it worked on during the reporting period. The data relating to regional distribution are shown in table 4, figure 6 and figure 7 below.

**Table 4. Validations per region**

Region	Active DOEs	Total no. of projects	Active DOEs	Total number of projects
	Validation		Verification	
Africa	(15, 19, 19) <b>15</b>	(136, 229, 292) <b>156</b>	(8, 8, 12) <b>11</b>	(54, 38, 82) <b>58</b>
Asia and the Pacific	(33, 35, 35) <b>32</b>	(2 907, 3 755, 3 692) <b>832</b>	(28, 31, 32) <b>34</b>	(1 600, 2 040, 2 955) <b>992</b>
Latin America and the Caribbean	(16, 18, 21) <b>18</b>	(392, 593, 656) <b>196</b>	(13, 14, 17) <b>15</b>	(406, 329, 437) <b>208</b>
Eastern Europe	(10, 10, 12) <b>8</b>	(67, 45, 53) <b>27</b>	(5, 4, 4) <b>3</b>	(18, 8, 10) <b>6</b>

**Figure 6. Validation project activities worked on during the reporting period (%)**

**Figure 7. Verification project activities worked on during the reporting period (%)**

#### 4.4.4. Sectoral scope distribution of project activities

38. The entities submitted a list of all the CDM projects that the DOEs worked on during the reporting period per sectoral scope as shown in table 5 below:

**Table 5. Number of validation and verification project activities per sectoral scope**

Sectoral Scope	No. of validation activities	No. of active DOEs (val)	No. of verification activities	No. of active DOEs (ver)
1	(2696, 3797, 3 695) <b>955</b>	(30, 36, 37) <b>36</b>	(1388, 1884, 2650) <b>918</b>	(29, 33, 34) <b>37</b>
2	(5, 10, 68) <b>6</b>	(3, 4, 5) <b>5</b>	(4, 7, 14) <b>2</b>	(1, 1, 3) <b>2</b>
3	(92, 160, 199) <b>71</b>	(11, 16, 17) <b>15</b>	(16, 20, 23) <b>37</b>	(6, 7, 9) <b>10</b>
4	(368, 403, 248) <b>118</b>	(20, 24, 22) <b>16</b>	(141, 162, 160) <b>58</b>	(14, 18, 18) <b>17</b>
5	(20, 39, 46) <b>12</b>	(7, 8, 11) <b>4</b>	(138, 154, 140) <b>35</b>	(7, 7, 9) <b>6</b>
6	(0, 0, 0) <b>1</b>	(0, 0, 0) <b>1</b>	<b>0</b>	<b>0</b>
7	(23, 38, 21) <b>8</b>	(7, 10, 8) <b>6</b>	(3, 8, 13) <b>3</b>	(2, 4, 5) <b>3</b>
8	(32, 45, 63) <b>14</b>	(9, 10, 11) <b>5</b>	(23, 44, 60) <b>28</b>	(6, 6, 8) <b>8</b>
9	(2, 3, 5) <b>1</b>	(2, 3, 3) <b>1</b>	(6, 3, 6) <b>0</b>	(4, 3, 4) <b>0</b>
10	(41, 48, 45) <b>17</b>	(10, 9, 13) <b>7</b>	(42, 44, 32) <b>43</b>	(9, 9, 8) <b>8</b>
11	(4, 1, 2) <b>1</b>	(3, 1, 2) <b>1</b>	(111, 129, 132) <b>28</b>	(5, 5, 5) <b>4</b>
12	<b>0</b>	<b>0</b>	(0, 2, 0) <b>1</b>	(0, 1, 0) <b>1</b>
13	(342, 438, 481) <b>128</b>	(22, 29, 28) <b>23</b>	(299, 319, 362) <b>178</b>	(20, 24, 27) <b>25</b>
14	(38, 30, 24) <b>5</b>	(10, 11, 10) <b>3</b>	(4, 17, 16) <b>6</b>	(2, 4, 6) <b>2</b>

Sectoral Scope	No. of validation activities	No. of active DOEs (val)	No. of verification activities	No. of active DOEs (ver)
15	(58, 86, 67) <b>24</b>	(6, 7, 9) <b>7</b>	(57, 15, 68) <b>21</b>	(6, 3, 9) <b>7</b>
16	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

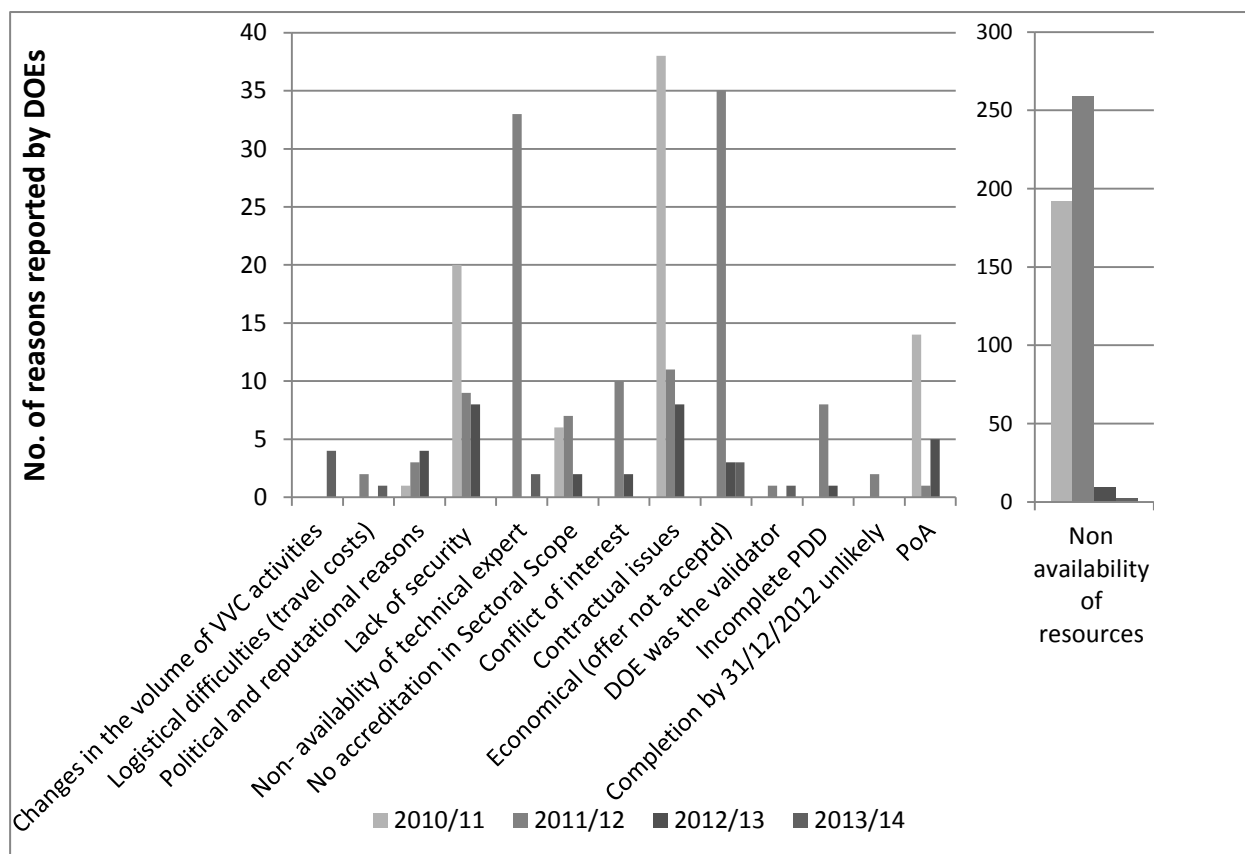
#### 4.4.5. List of project activities declined, if any, including the reasons for doing so

39. A DOE may decline validation and verification work for a number of reasons. The DOEs submitted information on the number of assignments for which they declined to perform validation or verification/certification in the reporting period:<sup>8</sup>
- (a) Twenty-two per cent of the DOEs (10) reported that they had declined projects (47% 18, 37% 15, 29% 13);
  - (b) Total number of assignments reported as declined for all DOEs: (302, 386, 42) **>19** (one DOE was not specific about the number of projects declined);
  - (c) The number of different countries in which assignments were declined: (37, 53, 21) **13**;
  - (d) The top two countries in terms of the number of assignments declined by entities were China (six) and Cambodia (two). The remaining countries in which assignments were declined all featured one project each.
    - (i) 2012–2013, India (five), Brazil (five), Iran (four) and China (three);
    - (ii) 2011–2012, China (155), India (79), Brazil (30) and South Africa (10);
    - (iii) 2010–2011, China (154), India (33), Pakistan (nine) and Brazil (eight).
40. A range of reasons for declining the projects was reported, which have been collated into the categories<sup>9</sup> as show in figure 8.

<sup>8</sup> The level of detail as reported varied across the DOEs for this section.

<sup>9</sup> The category “Changes in the volume of VVC activities” is new for this reporting period.

**Figure 8. Comparison of reasons for declining projects**



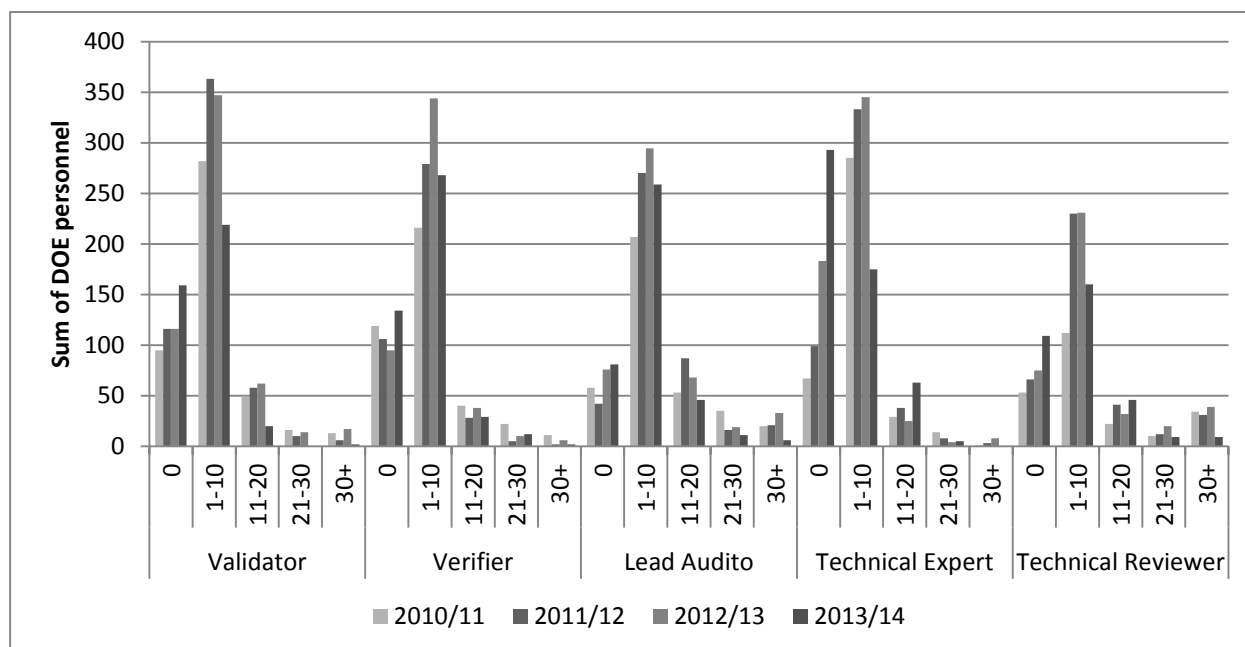
#### 4.4.6. List of project activities under validation or verification/certification in countries with fewer than 10 registered project activities

41. All DOEs submitted a list of all the CDM project activities that they had undertaken in countries that had fewer than 10 registered project activities:

- (a) Forty-four per cent of the DOEs (20) reported working in countries with fewer than 10 registered projects (55%, 21, 61%, 25, 56% 24).

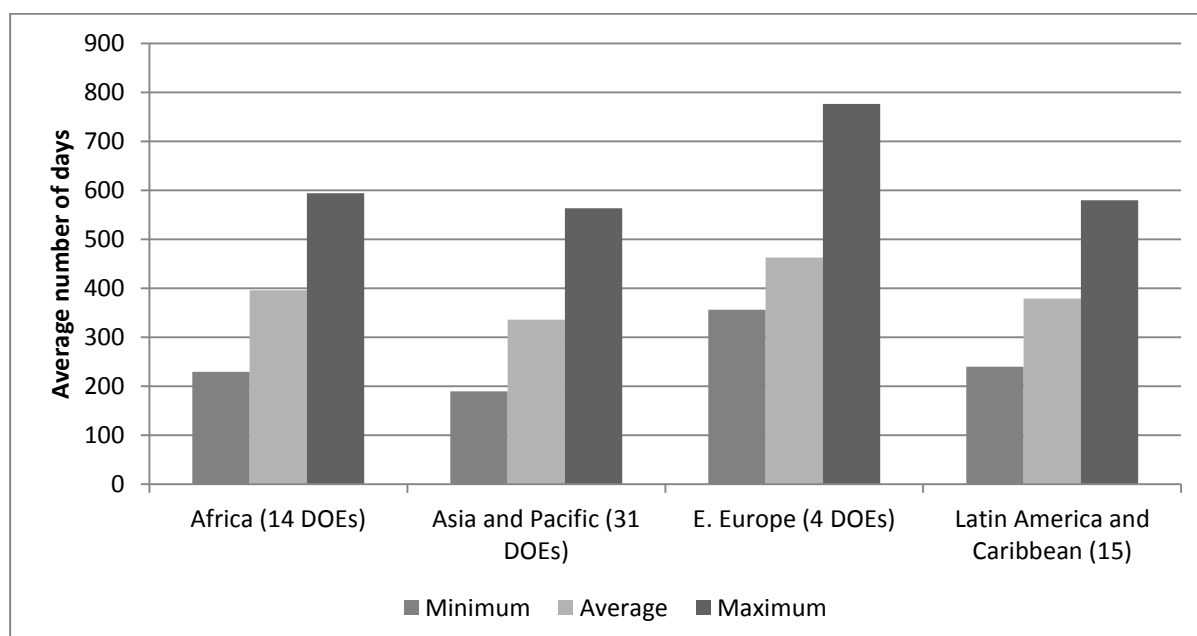
#### 4.4.7. Number of project activities under validation or verification/certification per qualified auditor

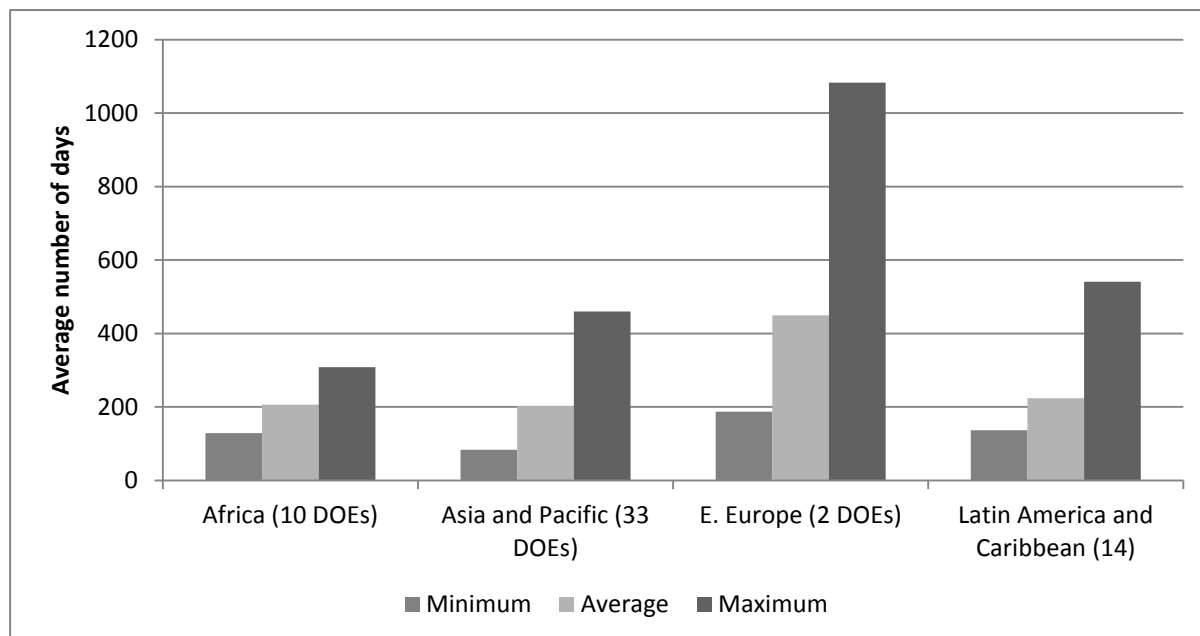
42. All DOEs submitted information regarding the workload of their personnel as of the final day of the reporting period. Figure 9 below shows how many cases individuals worked on during the reporting period. The data was reported per validator, verifier, lead auditor, technical expert and technical reviewer.

**Figure 9. Comparison of workload per auditor type**

#### 4.4.8. Time frames provided by DOEs for conducting validation and verification/certification of project activities in particular regions

43. All DOEs submitted information regarding their minimum, average and maximum time frames for conducting validations and verifications per region. Figure 10 and figure 11 below show the averages of the time frames reported by the DOEs. In addition, the number of DOEs active in a region are indicated in brackets. This information is also presented in tabular format in table 6 and table 7 below.

**Figure 10. Average time frames for validation of projects by DOEs active in a region**

**Figure 11. Average time frames for verification of projects by DOEs active in a region****Table 6. The minimum and maximum (average) time frames for a validation per region (days)**

Region	Shortest reported time frame (days)	Longest reported time frame (days)
Africa	(210, 107, 372) <b>229</b>	(1 000, 1 212, 833) <b>594</b>
Asia and the Pacific	(210 36, 282) <b>190</b>	(782, 1 717, 530) <b>563</b>
Eastern Europe	(154, 128, 452) <b>356</b>	(1 055, 1 320, 1 607) <b>776</b>
Latin America and the Caribbean	(173, 73, 344) <b>240</b>	(752, 1320, 609) <b>579</b>

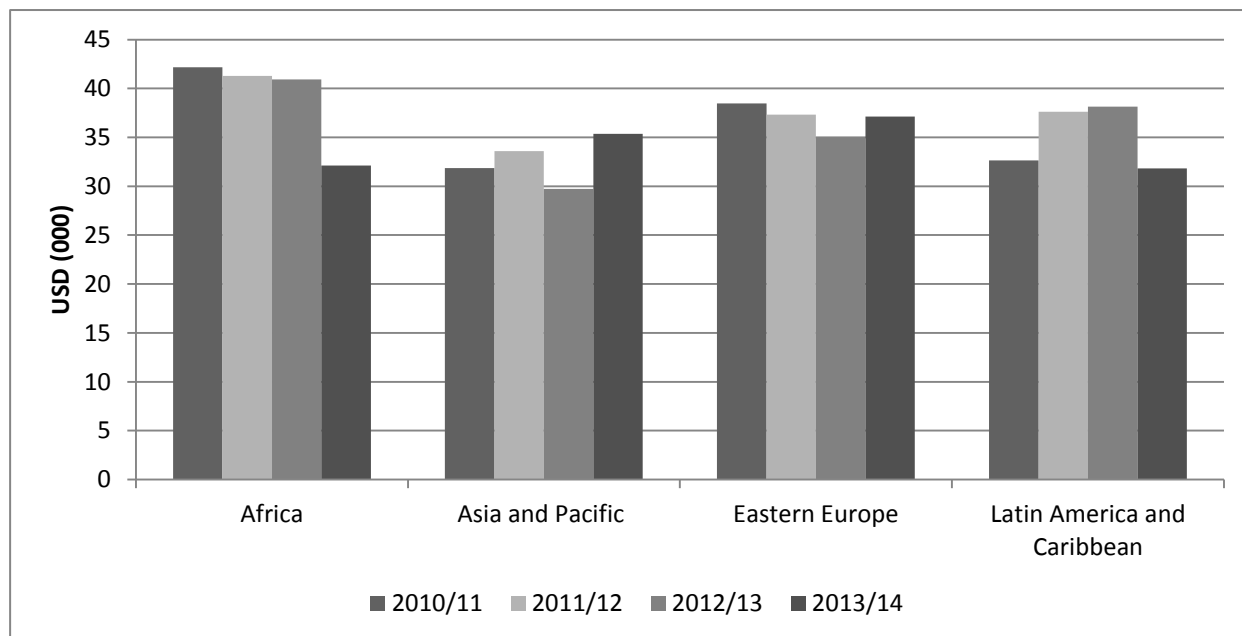
**Table 7. The minimum and maximum (average) time frames for a verification per region (days)**

Region	Shortest reported time frame (days)	Longest reported time frame (days)
Africa	(128, 57, 304) <b>129</b>	(562, 855, 483) <b>308</b>
Asia and the Pacific	(100, 21, 179) <b>83</b>	(858, 1204, 482) <b>460</b>
Eastern Europe	(85, 80, 109) <b>187</b>	(100, 517, 226) <b>1 083</b>
Latin America and the Caribbean	(61, 18, 303) <b>137</b>	(435, 1 068, 507) <b>541</b>

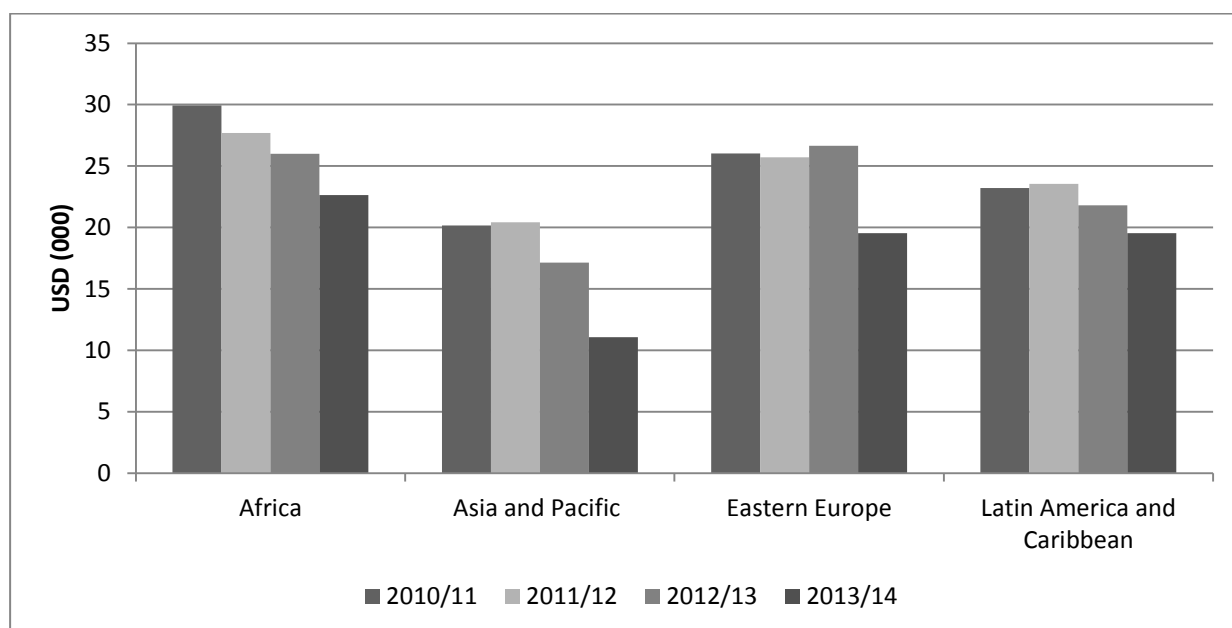
#### 4.4.9. Average fees for the validation and verification/certification of CDM project activities divided by region

44. All DOEs submitted information regarding the average fees in United States dollars per region for validations and verifications/certifications during the reporting period. Figure 12 and figure 13 depict the average fees charged by DOEs for validation and verification activities.

**Figure 12. Average validation fees per region (in United States dollars)**



**Figure 13. Average verification fees per region (in United States dollars)**



45. The highest and lowest fees per region reported by a DOE for a validation and verification during the reporting period are shown in table 8 and table 9:



**Table 8. Minimum and maximum fees for a validation (in United States dollars)**

Region	Minimum reported fee	Maximum reported fee
Africa	(10 732, 10 800, 7 324) <b>4 500</b>	(121 127, 101 300, 110 219) <b>115 248</b>
Asia and the Pacific	(5 222, 5 785, 2 936) <b>1 700</b>	(84 073, 147 000, 147 000) <b>116 375</b>
Eastern Europe	(11 012, 13 000, 13 500) <b>12 967</b>	(74 681, 75 459, 90 285) <b>102 683</b>
Latin America and the Caribbean	(5 850, 6 800, 5 000) <b>1 667</b>	(116 728, 96 700, 119 900) <b>100 974</b>

**Table 9. Minimum and maximum fees for a verification (in United States dollars)**

Region	Minimum reported fee <sup>(1)</sup>	Maximum reported fee <sup>(1)</sup>
Africa	(13 594, 9 100, 6 000) <b>4 500</b>	(58 000, 54 000, 70 000) <b>70 000</b>
Asia and the Pacific	(4 498, 3 067, 1 350) <b>1 300</b>	(70 484, 54 067, 73 519) <b>279 166</b>
Eastern Europe	(11 630, 14 819, 16 295) <b>10 400</b>	(45 000, 45 000, 45 000), <b>36 160</b>
Latin America and the Caribbean	(6 797, 4 850, 5 105) <b>4 000</b>	(89 871, 78 057, 62 314) <b>47 645</b>

## 4.5. Impartiality

### 4.5.1. Report of the impartiality committee

46. All the DOEs submitted an annual report of activities of the impartiality committee as per paragraph 37(g) of the CDM accreditation standard.

### 4.5.2. Other impartiality issues

47. All the DOEs were requested to submit any further relevant comments with regard to impartiality issues experienced during the reporting period. Only one applicable additional comment was received. A DOE highlighted that the secretariat should pay due attention to potential or actual threats to impartiality arising out of direct payment of CDM assessment teams by DOEs.

## 4.6. Interactions with interested parties<sup>10</sup>

### 4.6.1. Interactions with the Board

48. All the DOEs submitted information regarding significant interactions that had taken place with the Board during the reporting period.
49. (26, 23, 21) Twenty-four DOEs reported significant interactions with the Board and these were conducted through the following channels:
- (a) Regional Calibration workshops;
  - (b) Requests for clarification;

<sup>10</sup> The level of detail as reported varied across the DOEs for this section.

- (c) Accreditation assessments;
- (d) Board meetings through the DOE forum and as observers;
- (e) Pre- and post-Board meeting teleconferences;
- (f) Registration and issuance requests;
- (g) Participation in the Conference of the Parties (COP) and Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP);
- (h) Further public events held by the Board.

#### **4.6.2. Interactions with other designated operational entities and/or applicant entities**

- 50. All the DOEs submitted information regarding interactions that had taken place with other interested parties during the reporting period.
- 51. (25, 24, 28) Twenty-three DOEs reported significant interactions with other DOEs and/or applicant entities and these were conducted through the following channels:
  - (a) DOE/AIE Coordination Forum;
  - (b) Designated Operational Entities and Independent Entities (DIA) Association including regular conference calls and through “materiality” and “significant deficiencies” working groups;
  - (c) UNFCCC workshops;
  - (d) Membership of International Emissions Trading Association (IETA);
  - (e) Ad-hoc meetings and interactions with other DOEs;
  - (f) Joint meeting between the DIA and Project Developers (PD) Forum including the Technical Roundtable;
  - (g) COP/CMP;
  - (h) Greenhouse Gas Assurance Association of Japan (GAJ);
  - (i) Board conference calls;
  - (j) Participation in the COP/CMP.

#### **4.6.3. Interactions with other interested parties**

- 52. All the DOEs submitted information regarding significant interactions that had taken place with other interested parties during the reporting period.
- 53. (25, 22, 28) Nineteen DOEs reported interactions with other interested parties during the reporting period and these were conducted through the following channels:
  - (a) The Gold Standard;
  - (b) CarbonExpo;
  - (c) Seeking Energy Management System (EnMS) accreditation;

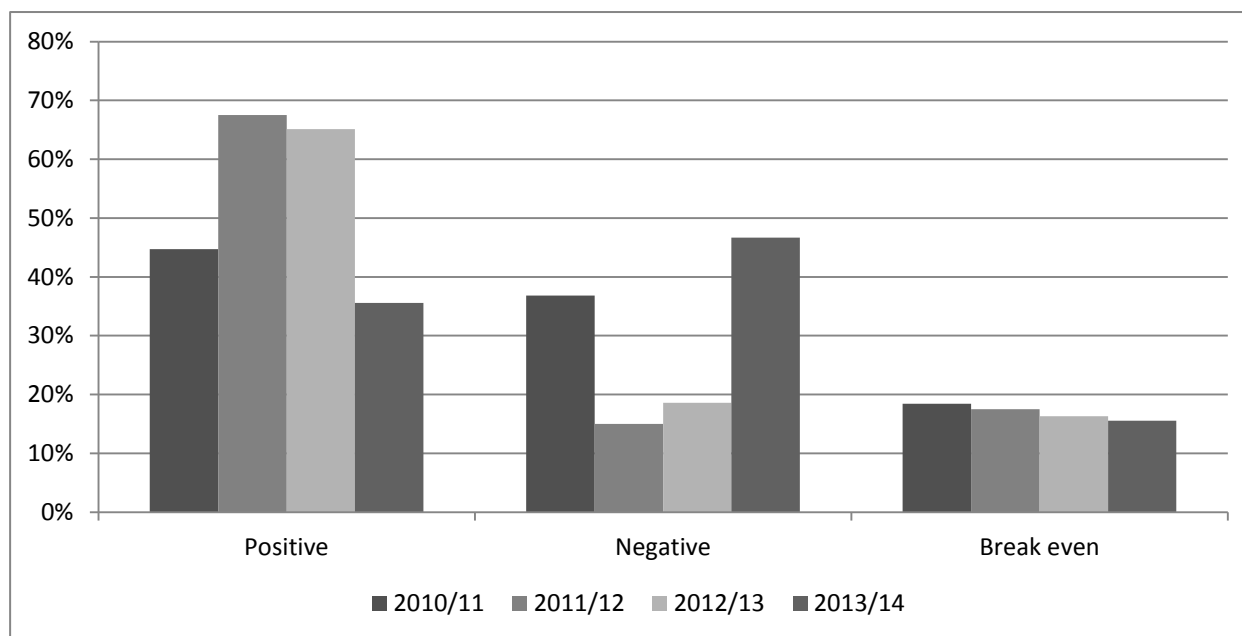
- (d) Verified Carbon Standard (VCS);
- (e) Commercial discussions with potential clients and project participants;
- (f) Social Carbon Standard;
- (g) Various designated national authorities (DNAs), government ministries and policy research centres;
- (h) American National Standards Institute (ANSI);
- (i) Complaints;
- (j) Carbon Forum Asia;
- (k) Interaction with NGOs;
- (l) International Emissions Trading Association (IETA);
- (m) The World Business Council for Sustainable Development (WBCSD);
- (n) Greenhouse Gas Assurance Association of Japan (GAJ);
- (o) Impartiality committees (composed of external experts);
- (p) The Climate Markets & Investment Association and the Carbon Capture and Storage Association.

#### **4.7. Financial statement**

##### **4.7.1. Annual income and expenditure on CDM-related activities**

- 54. All the DOEs submitted information on annual income and expenditure relating to CDM activities (validation and verification) in United States dollars.
- 55. Figure 14 shows the balance of income and expenditure for the last four reporting periods.

**Figure 14. Income and expenditure trend**



56. During the reporting period:

- (a) Sixteen DOEs reported a higher income than expenditure;
- (b) Seven DOEs reported equal income and expenditure;
- (c) Twenty-one DOEs reported a lower income than expenditure.

#### 4.8. Challenges and lessons learned

57. Thirty-four DOEs submitted further comments with regard to challenges and lessons learned during the reporting period. The wide range of responses have been grouped into three key themes as presented below:

- (a) Most of the DOEs reported challenges related to the low price of certified emission reductions and the consequent decrease in the volume of validation and verification work. The DOE reported that this has been a driver for downsizing, restructuring, subcontracting out assessment work and, has made it difficult to maintain qualified staff.
- (b) DOEs have been preparing for the entry into force of the new CDM accreditation standard (version 6.0) on 1 January 2015. DOEs reported that they have had to evaluate their accreditation systems and staff for compliance with the new standard.
- (c) Experience with validation, verification, and CDM methodologies has provided opportunities for monitoring, reporting, and validation in related fields such as nationally appropriate mitigation actions and other carbon offset systems.

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### Document information

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