

CDM-EB90-AA-A03

Concept note

Analysis of the need for measures to ensure the continued participation of DOEs, in particular in regions underrepresented in the CDM

Version 01.0



United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS	Page
1. PROCEDURAL BACKGROUND.....	3
2. PURPOSE	4
3. KEY ISSUES AND PROPOSED SOLUTIONS	4
3.1. Introduction.....	4
3.2. Observations drawn from the survey with stakeholders	4
3.2.1. Summary of the cost-effective measures suggested by Stakeholders	6
3.3. Observations drawn from concept notes and reports recently considered by the Board	6
3.4. Proposed solutions.....	8
4. IMPACTS.....	9
5. SUBSEQUENT WORK AND TIMELINES	9
6. RECOMMENDATIONS TO THE BOARD	9
APPENDIX 1. RESULTS OF THE SURVEY WITH STAKEHOLDERS (12–29 MAY 2016).....	10
APPENDIX 2. REGIONAL DISTRIBUTION OF CDM PROJECTS AND UNDERREPRESENTED REGIONS	30

1. Procedural background

1. Over the past years the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) and the CDM Accreditation Panel (CDM-AP) have attempted to improve the accreditation of operational entities in regions underrepresented in the CDM.
2. In July 2014, in response to the request contained in decision 4/CMP.10, paragraph 19, the Board at its eightieth meeting (EB80) considered how to improve the accreditation of designated operational entities (DOEs) in regions underrepresented in the CDM and agreed to simplify and streamline that accreditation in the context of the current revision of the accreditation standard and procedure.
3. The Board at its eighty sixth meeting (EB 86) in August 2015, based on recommendations of the CDM-AP and the secretariat, revised its CDM accreditation procedure, which was reported to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its eleventh session.¹ The revision included several measures to reduce the fees and cost of assessments, while maintaining the integrity of the accreditation system. These measures decreased the average annual accreditation assessment costs charged to a DOE by approximately 66 per cent in comparison to the cost charged by the Board prior to 1 January 2014.
4. At its eleventh session in December 2015, the CMP in the area of Accreditation requested the Board to analyse the need for measures to ensure the continued participation of DOEs in the CDM, in particular in the regions underrepresented in the CDM, taking into account the transparent and prudent management of the resources of the CDM, including the spending for those serving on the Board.²
5. Additionally, concerns were expressed by some stakeholders to the Board at its eighty ninth meeting (EB89) in May 2016 about DOEs leaving the CDM landscape (even in countries where the CDM has high representation) and the lack of DOEs in underrepresented countries. Stakeholders suggested that the Board restore confidence among the DOEs, giving them security that their work will continue with the Paris Agreement. It was also suggested that capacity building be strengthened to have available DOEs at the national level.
6. This concept note was prepared in consultation with the CDM-AP and taking into account inputs from DOEs provided through their forum at CDM-AP 75.³
7. This work relates to the activity 'Entity assessments' under objective 1(a): 'Operate efficient project and entity assessment processes' with a resource allocation as referred to in table 1 of the CDM management plan 2016 (EB 87, annex 1).

¹ Annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (FCCC/KP/CMP/2015/5) <<http://unfccc.int/resource/docs/2015/cmp11/eng/05.pdf>>.

² See 6/CMP.11 paragraph 11.

³ See CDM AP 75 meeting report at <<https://cdm.unfccc.int/Panels/accreditation/index.html>>.

2. Purpose

8. The purpose of this concept note is to enable the Board to analyse, as per the 6/CMP.11 paragraph 11 mandate, the need for measures to ensure the continued participation DOEs in the CDM, in particular in the regions underrepresented in the CDM, and to agree, in principle, to a recommendation to the CMP at its twelfth session in Marrakesh in November of this year.

3. Key issues and proposed solutions

3.1. Introduction

9. The present document provides an analysis, prepared by the secretariat; on the key aspects that in the view of the secretariat are relevant for the Board to establish the need for measures to ensure the continued participation DOEs in the CDM, in particular in the regions underrepresented.
10. The different sources of information used can be divided into two parts:
 - (a) Results of a survey with DOEs, designated national authorities (DNAs) and project participant (PPs) conducted from 12 to 27 May 2016 (the details of the results of this survey are provided in appendix 1);
 - (b) Recent concept notes and reports considered by the Board⁴ within the past 12 months.

3.2. Observations drawn from the survey with stakeholders

11. An electronic survey was conducted from 12 to 25 May 2016 with about 500 stakeholders including DOEs, DNAs and PPs. As detailed in appendix 1, only 32 stakeholders responded to this survey.
12. The data were submitted by each stakeholder and therefore constitute a self-declaration. These data were then compiled by the secretariat in order to produce the following synthesized data:
 - (a) The top five regions in which stakeholders considered that there are opportunities to develop financially feasible projects based on available DOE capacity are:
 - (i) Asia and the Pacific;
 - (ii) Africa;
 - (iii) Only in some countries in Latin America and the Caribbean;

⁴ These are: "Synthesis report of the annual activity reports submitted by the DOEs 2014–2015 (CDM-EB87-AA-A06)" http://cdm.unfccc.int/filestorage/6/R/I/6RI5OSWK20NAZ4G3HTUQYF7L9DMEC8/eb87_propan06.pdf?t=cG18bzhiaWE3fDAwS8CI_kl9vxP44Vae9ldk and "Approaches to reduce the accreditation fees charged to DOEs (CDM-EB87-AA-A08)" http://cdm.unfccc.int/filestorage/1/S/Y/1SYO8L6WCG9KXR57BM02QPNZDF3UHI/eb87_repan08.pdf?t=M2d8bzhibG16fDCBHpo6a5SorxXTRDhiceIH.

- (iv) Latin America and the Caribbean;
 - (v) Only in some countries in Africa.
- (b) Stakeholders listed the main reasons for engaging in the CDM projects as follows:
 - (i) Engaging in CDM projects influence high policy decisions on nation/state level guided by distinct political interests (e.g. due to existing contractual obligations, hope that the new market mechanism post-2020 would allow CERs, and the CDM is still the most experienced emission trading mechanism/platform); and
 - (ii) Engaging in CDM projects steers domestic companies towards certain technologies and thus influencing technological and economic developments (e.g. by recognizing that the CDM is a cost-effective tool that can deliver significant flows of climate finance, because it allows greenhouse gas (GHG) emission reductions by promoting innovation and sustainable development, and by improving productivity of certain organizations/companies).
- (c) The top five regions in which DOEs do not have current available capacity to offer services (in the event of an opportunity for a financially feasible project proposal) are:
 - (i) Africa;
 - (ii) N/A (no issues of available capacity);
 - (iii) Only in some countries in Africa;
 - (iv) Latin America and the Caribbean;
 - (v) Eastern Europe and central Asia.
- (d) The top five barriers identified by DOEs to providing services in the underrepresented regions are:
 - (i) Current perception of the CDM due to the uncertainty in the carbon market;
 - (ii) Lack of security that the work will continue with the Paris Agreement;
 - (iii) No clear link with the CDM and new and emerging carbon markets;
 - (iv) Unavailability of local expertise (e.g. access to locally experienced staff with global knowledge of the CDM);
 - (v) Language barriers (non-native speakers assigned to develop the CDM activities).

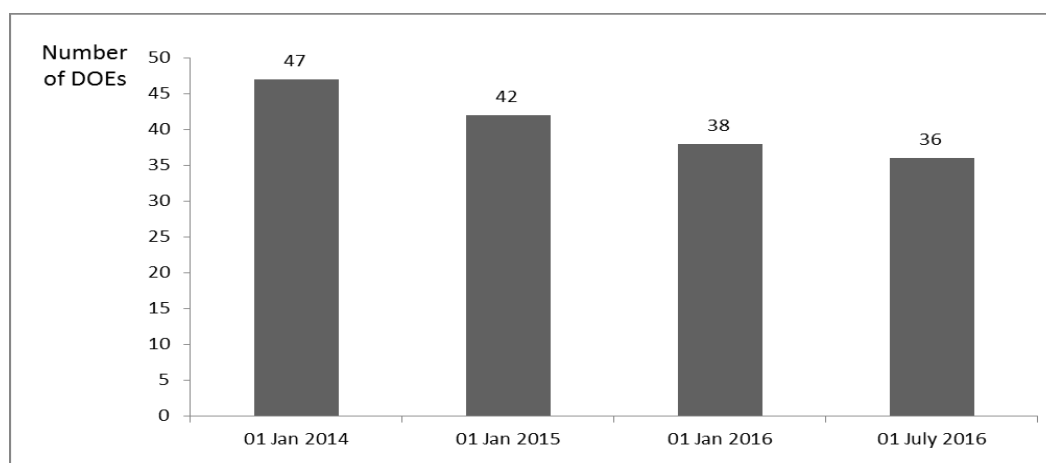
3.2.1. Summary of the cost-effective measures suggested by Stakeholders

13. Based on the priority barriers listed above, the following items represent a summary of the cost-effective measures suggested by Stakeholders:
- (a) Create confidence in future DOE demand and enhance linkages between the CDM and the emerging carbon markets;
 - (b) Promote regional and national capacity building to undertake CDM activities particularly in countries where capacity is lacking;
 - (c) Simplify the CDM and reduce operational costs and avoid duplication of efforts and reduce overhead costs (e.g. by reducing reporting duties). Also, continue standardizing the registration and monitoring/verification processes;
 - (d) Catalyse financial flows for CDM project activities. Expand the scope of the CDM loan scheme;
 - (e) Promote collaboration and enhance links between the CDM, the RCCs, DOEs and DNAs;
 - (f) Other: Do not to expend effort and energy on creating additional DOE capacity, because this will further increase the number of DOEs, for which the business is not financially viable.

3.3. Observations drawn from concept notes and reports recently considered by the Board

14. The demand for certified emission reductions (CERs) from the compliance market under the Kyoto Protocol is in decline. There has been a significant drop in unit prices, eroding the incentive to develop new projects and affecting the business potential of DOEs.
15. Most of the DOEs reported challenges related to the low price of CERs and the consequent decrease in the volume of validation and verification work. The DOEs reported that this has been a driver for voluntarily withdrawing from sectoral scopes and slimming down their operations.

Figure 1. Trends on the number of DOEs (as at 30 June 2016)



16. There are at least 13 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 more than one third of the DOEs working in countries with fewer than 10 registered CDM projects.
17. The highest number of DOEs (36) are accredited in sectoral scope 1 and only one DOE is accredited in sectoral scope 16. Generally there was a decrease in the number of DOEs accredited per sectoral scope, with an increase only observed in sectoral scope 6.
18. Overall one can clearly conclude that there is an adequate supply of DOE validation and verification services at a sufficient level of competition to ensure low costs to the project participants. However, the accreditation of many DOEs is due to expire over the next year and it is not possible to predict how many entities will apply for re-accreditation.
19. Assuming that current entities will apply for reaccreditation one year prior to the date of expiry of the accreditation term, 16 entities will be subject to reaccreditation in the second semester of 2016, seven in the second semester of 2017, and nine in the second semester of 2018.
20. A relatively small number of DOEs play a critical role in servicing the majority of the international needs for CDM validation and verification services. In other words, validation and verification services are predominantly in the hands of one quarter of all DOEs; the distribution of these has changed over time.
21. As in previous years, DOEs are undergoing significant changes in their accredited scopes, use of personnel, location of their central offices, and their business structures. These changes have been especially noticeable in the past two years, probably due to a declining market for CDM validation and verification services.
22. Among all DOEs, 35 per cent of the DOEs reported that they registered or successfully verified project of activities (PoAs) in countries with fewer than 10 registered projects/programmes.
23. A DOE may decline validation and verification work for a number of reasons. The decline of service provision has increased slightly in comparison to previous years, with a lack of resources as the primary reason, followed by economic conditions.
24. As per inputs received from DOEs last year, fees in Africa and Latin America and the Caribbean are decreasing. Conversely, the fees for Asia and the Pacific and Eastern Europe are increasing.
25. As per the synthesis report 2014–2015, 53 per cent of the DOEs reported a higher income than expenditure, 39 per cent reported a lower income than expenditure, and 8 per cent reported equal income and expenditure. Many DOEs reported intense pressure on the prices for DOE services.
26. As described above in paragraph 3, the Board, in 2014, revised its CDM accreditation procedure, which included several measures to reduce the fees and cost of assessments while maintaining the integrity of the accreditation system. These measures included increasing the accreditation cycle from three to five years, reducing by 40 per cent the number of performance assessments, reducing travel costs of assessments through the appointment of assessors from the same geographical area, and introducing, under exceptional circumstances, the possibility of a one-person

assessment team and remote assessments. This brought down the average annual accreditation assessment costs charged to a DOE from USD 33,600 (before 1 January 2014) to around USD 13,300.

27. It is pertinent to indicate that an important cost item regarding the overall cost of accreditation of DOEs relies on the management of their own systems and resources in order to comply with the CDM accreditation requirements (e.g. required internal competence of CDM validator and verifiers). Analysis of this cost item is beyond the scope of the analysis of this document.

3.4. Proposed solutions

28. Recalling the CMP decision in paragraph 4 above, the key question for the Board to address, based on this analysis, is whether there is a need for additional measures to ensure the continued participation of DOEs, in particular in the regions underrepresented in the CDM.
29. The secretariat considers that most of the suggestions made by stakeholders are addressed in the CDM two-year business plan 2016–2017 and the Board's Management Plan 2016 (MAP 2016), particularly in respect to the following areas:
- (a) Create demand for CDM CERs through the climate-neutral now initiative⁵ and options for using the CDM as a tool for other uses (under the second goal of the business plan, "Nurture policies to broaden demand for, and participation, in the CDM", the Board intends to focus on activities aimed at increasing the voluntary cancellation of CERs and the increased recognition and use of the CDM as a tool for policy implementation);
 - (b) Simplify the CDM and reduce the operational costs for validation/verification activities (under the first goal of the CDM business plan for 2016–2017, "Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently", the Board intends to continue to focus efforts on streamlining the CDM with the aim of reducing complexity, making it more user-friendly, and enhancing its efficiency – MAP Project P246); and,
 - (c) Continue standardizing the registration and monitoring/verification process (MAP Project 223: Simplification of methodologies including digitization to reduce transaction costs).
30. Based on the analysis above, the secretariat considers that, despite the poor market conditions and uncertainties, there is currently sufficient coverage of DOEs in each sectoral scope, and geographic coverage including in underrepresented regions. Hence there is no need, apart from those reflected in the MAP 2016, for new measures concerning the continued participation of DOEs, in particular in the regions underrepresented in the CDM.
31. Furthermore, given the foreseen limited material impacts and complexities of the possible measures identified in this paper, the secretariat does not see, for example, the

⁵ The Board approved activities to further nurture demand for the CDM and its CERs at its eighty seventh meeting (EB 87) as part of the 2016 Management Plan for the CDM.

need for a new mandate by the Board or the CMP to explore ways to subsidize the operation of DOEs or wave fees or any other measure to ensure continued participation of DOEs in the CDM.⁶

32. At the same time, the secretariat sees no merit to increase capacity-building building activities.

4. Impacts

33. As the secretariat recommends to the Board to implement no additional measures, apart from those reflected in the MAP 2016, no additional impacts to the work of the Board and the secretariat are envisaged.

5. Subsequent work and timelines

34. The work on this analysis and recommendations will be complete following its consideration at this Board meeting.

6. Recommendations to the Board

35. Based on the analysis above, the secretariat considers that, despite the poor market conditions and uncertainties, there is currently sufficient coverage of DOEs in each sectoral scope, and geographic coverage including in underrepresented regions. Hence, the secretariat recommends to the Board that there is no need, apart from those reflected in the MAP 2016, for new specific measures concerning the continued participation of DOEs.
36. The secretariat recommends that the Board take note of the analysis contained in this concept note and suitably mention in its annual report to the CMP.¹² in Marrakesh in November of this year.

⁶ As discussed at the eighty seventh meeting of the Board (EB87), given the current number of DOEs and good competition among them, which has driven the validation and verification fees down, the introduction of waivers or approaches to reduce the accreditation fees charged to DOEs by means of a subsidy, would be unlikely to have further positive impacts on the global availability of DOEs.

Appendix 1. Results of the survey with stakeholders (12–29 May 2016)

1. Introduction

1. This appendix provides the information as received from stakeholders without further processing.
2. The purpose of this survey was to gather information from the DOEs, DNAs and PPs to identify improvement opportunities for the DOEs to continue participating in the CDM, collect data/perceptions about the current market situation, and report on market perceptions.
3. The information collected and analysed was taken into account to make recommendations to the Board-related decision 6/CMP.11 paragraph 11 on the need for measures to ensure the continued participation DOEs in the CDM, in particular in the underrepresented regions.

2. Inputs received from DOEs

Figure 1. Numbers of responses received

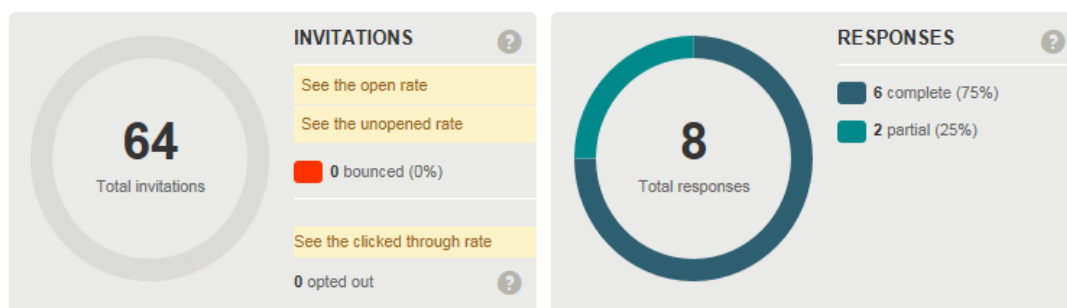


Figure 2. Question 1 and responses received

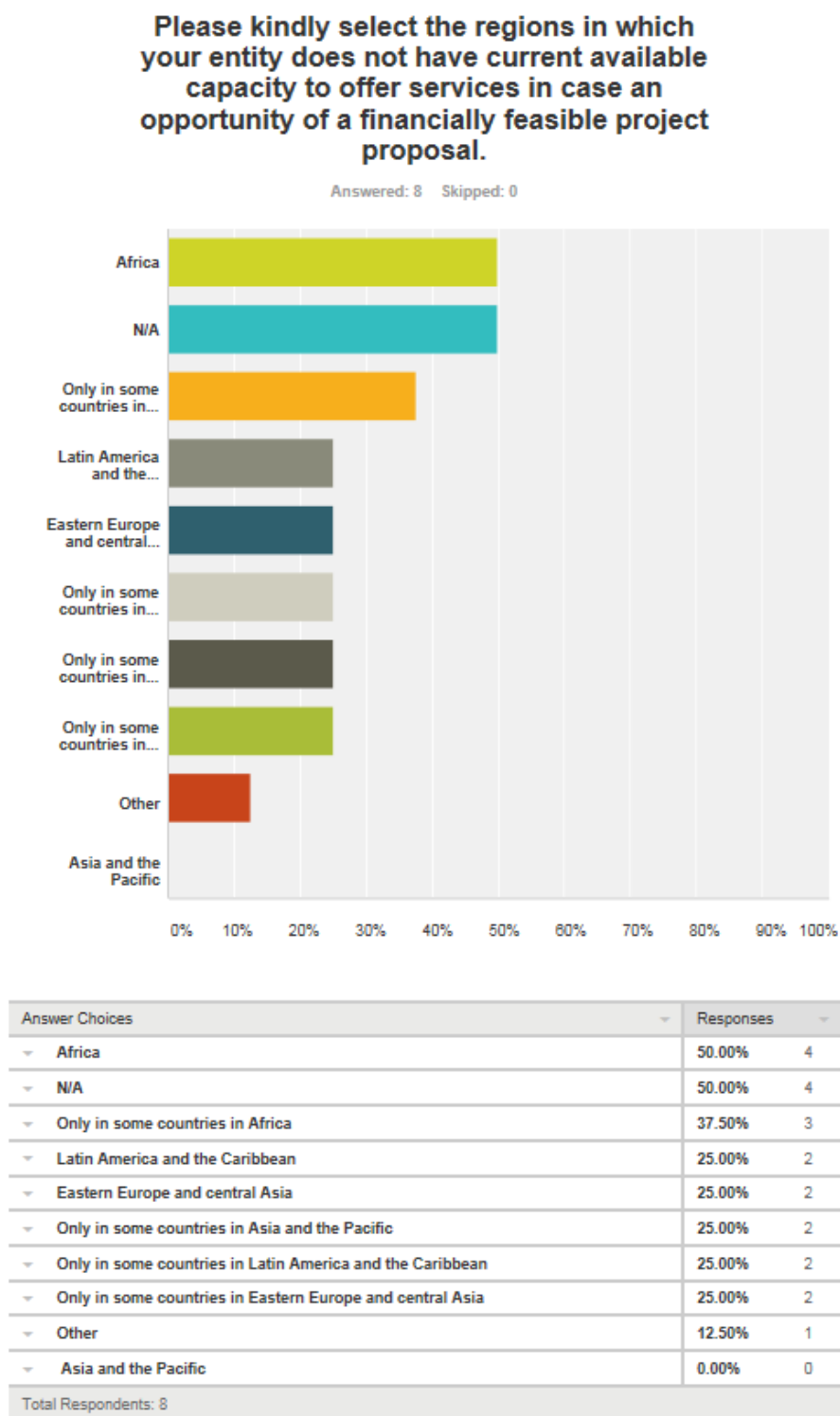


Figure 3. Question 2 and responses received

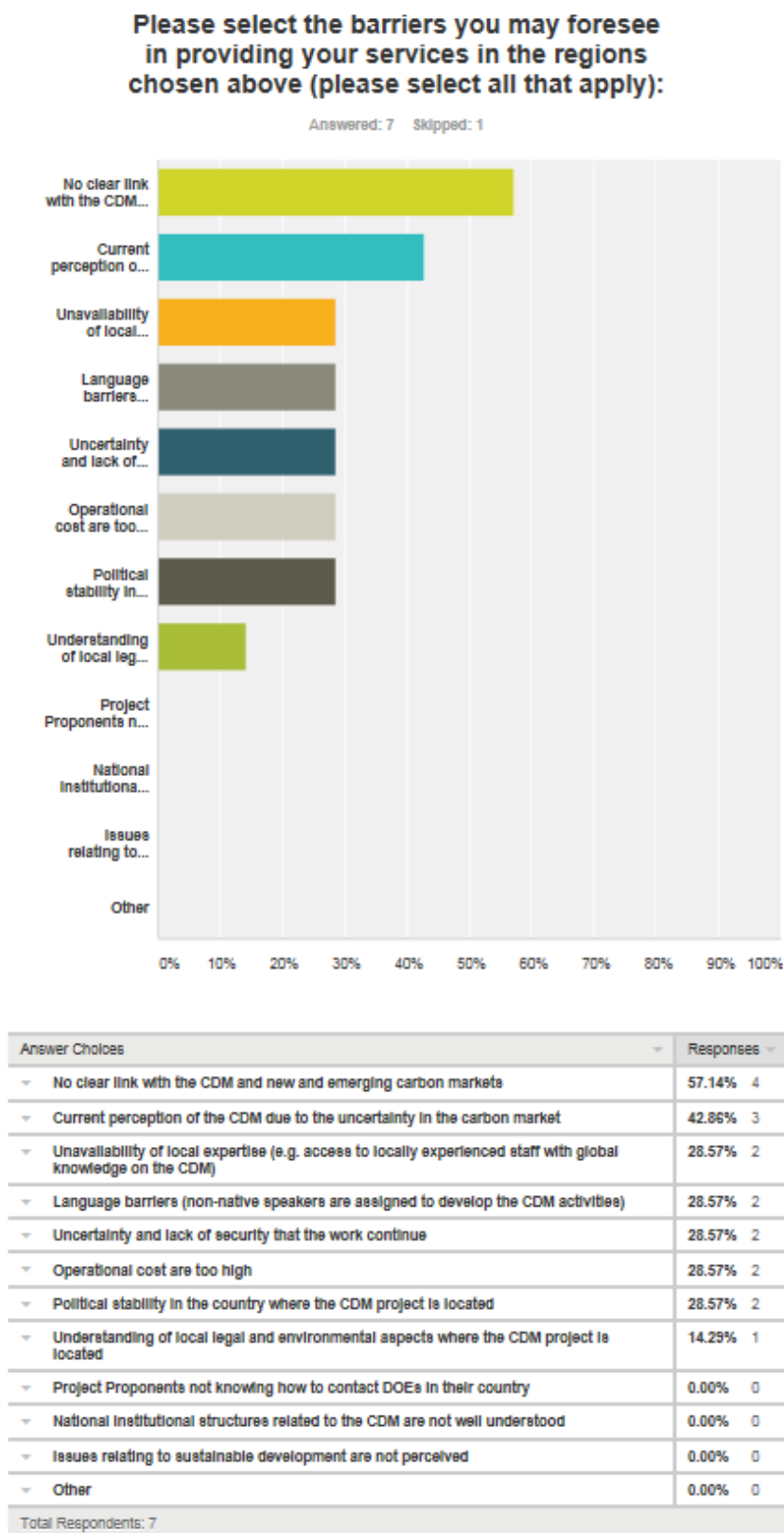


Figure 4. Question 3 and responses received

Based on the list of priority barriers listed above, please suggest cost/effective measures that the CDM Executive Board can take into account to promote further participation of DOEs in a) all regions and b) in underrepresented regions (e.g. regional capacity building, simplification of regulations, support to local institutions, etc.).

Answered: 6 Skipped: 2

Answer Choices	Responses	
Cost/effective measure 1	Responses	100.00% 6
Cost/effective measure 2	Responses	50.00% 3
Cost/effective measure 3	Responses	50.00% 3
Cost/effective measure 4	Responses	33.33% 2

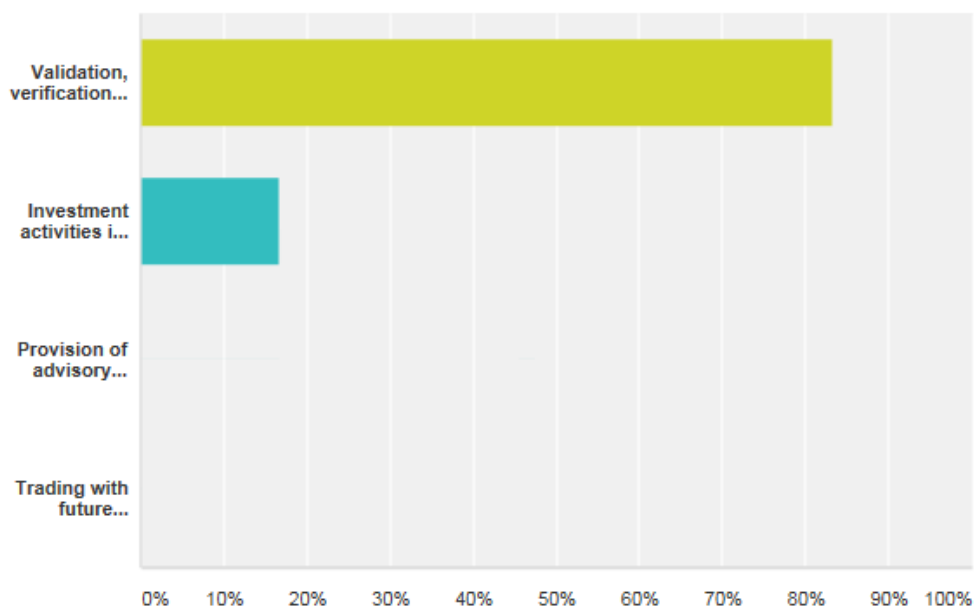
4. Further specific comments as received to question 3:

- (a) Simplification of regulations;
- (b) Minimize DOE operational costs;
- (c) create confidence in future DOE demand;
- (d) CDM loan scheme to be made more liberal and cover more projects in the area;
- (e) Regional capacity building;
- (f) Minimize cost of DOE audits and witnesses;
- (g) To reduce overhead effort (e.g. reporting duties);
- (h) Capacity building workshops for potential sectors/project developers with participation of DOE's;
- (i) Do not use first class air fares ;
- (j) To support the development of new CDM project activities;
- (k) Facilitating forward sale of CER's so that project owners are confident that it works;
- (l) Use local auditors;
- (m) Not to spend effort and energy in creating additional DOE capacity, because this will further increase the number of DOEs for which the business is not viable.

Figure 5. Question 4 and responses received

According to your experience, which are the most important activities you have used for CDM engagement?

Answered: 6 Skipped: 2



Answer Choices	Responses
Validation, verification and certification activities of CDM projects	83.33% 5
Investment activities in carbon funds; e.g. finance institutions	16.67% 1
Provision of advisory services to public or private funds on investment decisions for CDM projects or assistance in the development of CDM projects	0.00% 0
Trading with future certificates	0.00% 0
Total	6

Figure 6. Question 5 and responses received

Despite the recent drop in CER prices, what is your reason to continue with the CDM GHG mitigation activity?

Answered: 8 Skipped: 2

Answer Choices	Responses
Reason 1	100.00% 8
Reason 2	75.00% 6
Reason 3	12.50% 1
Reason 4	0.00% 0

5. Further specific comments as received to question 5:
- (a) Some of our contracts are still active and will end around 2020;
 - (b) Contractual obligation in PPA;
 - (c) We are convinced that the CDM is a cost effective tool that can deliver significant flows of climate finance and it would not be prudent to throw out the baby with the bath water especially after having spent some many resources on building institutional and technical capacity over many years;
 - (d) GHG emission reduction;
 - (e) Existing contractual obligations;
 - (f) Hoping that the new market mechanism post 2020 would allow CERs;
 - (g) Through CDM-mitigation activity the innovation approach would be encouraged;
 - (h) Have secured a CER buyer;
 - (i) CDM is still the most experienced emission trading mechanism/platform;
 - (j) Potential sale of CER to other entities;
 - (k) Despite all the talking, there is no clear climate finance alternative for project developers that can deliver the same level of liquidity and accessibility to climate finance;
 - (l) sustainable development;
 - (m) Sell CERs on the voluntary market;
 - (n) The pollution control bodies would set up a system for a lot of support working on CDM-GHG mitigation activity;
 - (o) It would improve the productivity of a certain organizations/companies.

3. Inputs received from DNAs

Figure 7. Numbers of responses received

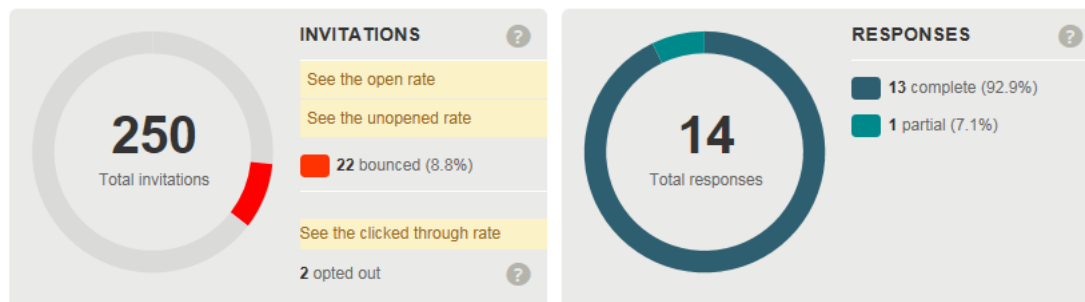
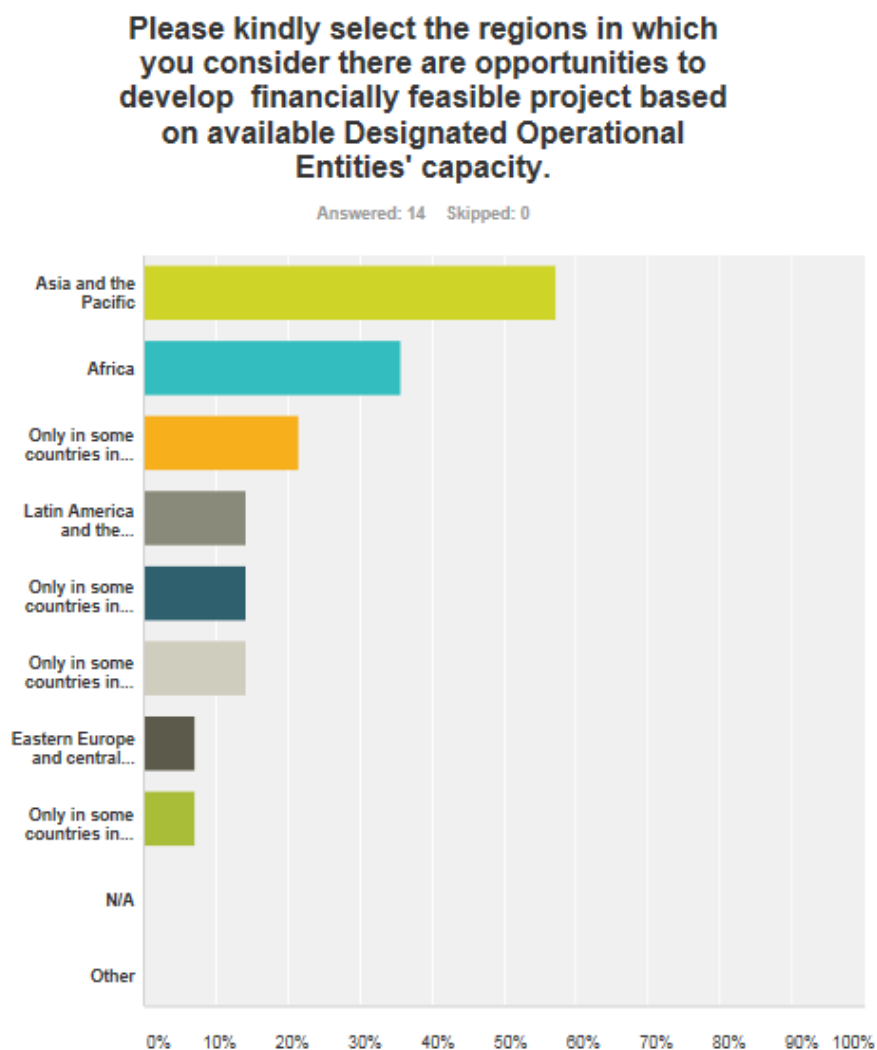


Figure 8. Question 1 and responses received



Answer Choices	Responses
Asia and the Pacific	57.14% 8
Africa	35.71% 5
Only in some countries in Latin America and the Caribbean	21.43% 3
Latin America and the Caribbean	14.29% 2
Only in some countries in Africa	14.29% 2
Only in some countries in Asia and the Pacific	14.29% 2
Eastern Europe and central Asia	7.14% 1
Only in some countries in Eastern Europe and central Asia	7.14% 1
N/A	0.00% 0
Other	0.00% 0
Total Respondents: 14	

Figure 9. Question 2 and responses received

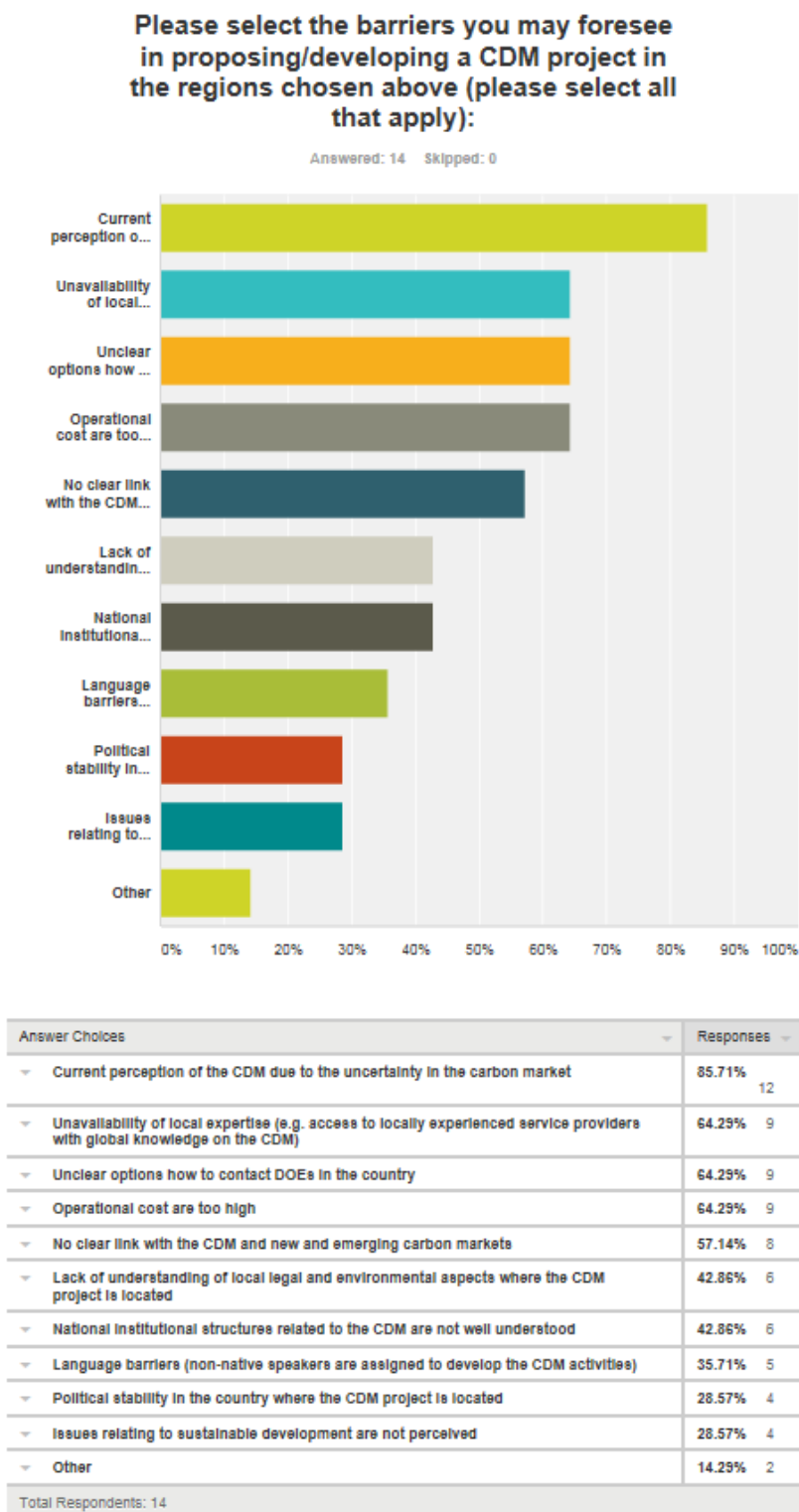
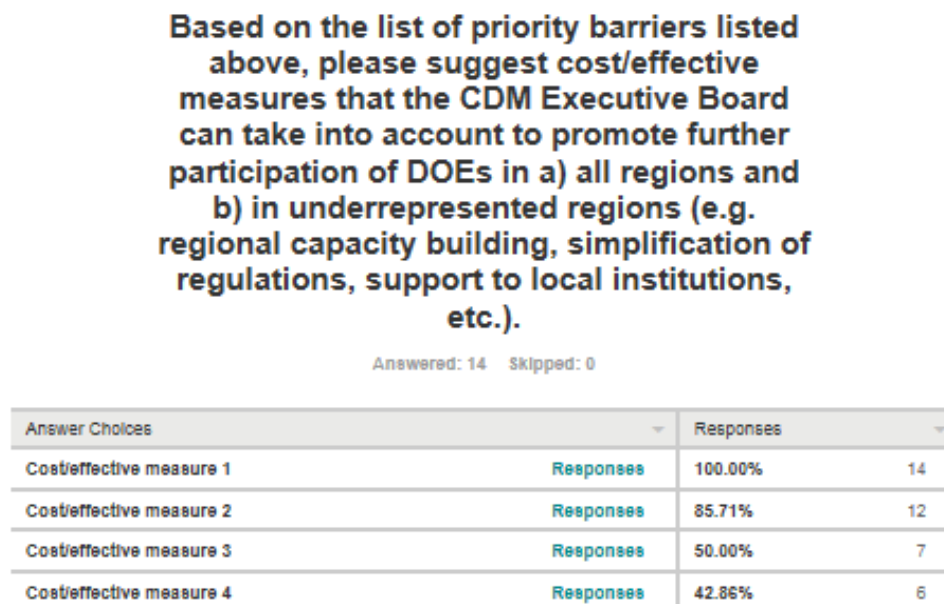


Figure 10. Question 3 and responses received

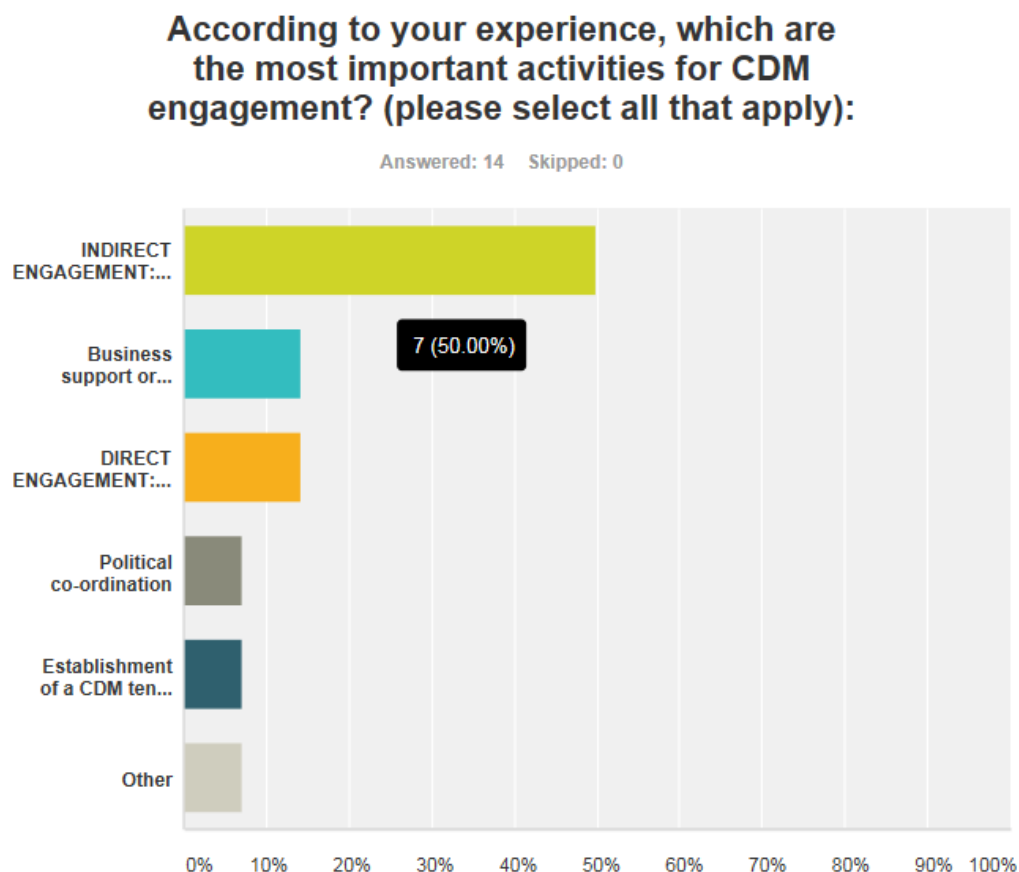


6. Further specific comments as received to question 3:

- (a) Regional capacity building;
- (b) Capacity building of national experts to create a DOE pool at national level;
- (c) CDM EB to lobby with the COP so as to provide clarity on the future of CDM;
- (d) Bringing down the cost of the process;
- (e) Encourage International PoAs;
- (f) Capacity development;
- (g) Regional capacity building;
- (h) The DNA should know how to contact the DOE and the costs of each stage of the CDM process;
- (i) Consider CDM projects as GHG Emissions reduction, followed by profits; if profit is considered first then it would be inevitable not to go where the low hanging fruits are;
- (j) In underrepresented regions (e.g. regional capacity building, simplification of regulations, support to local institutions, etc.);
- (k) Finance clean energy projects;
- (l) Simplification of accreditation procedures for DOEs;
- (m) Strengthening of regional centres of excellence to undertake capacity building initiatives in countries where capacity is lacking;

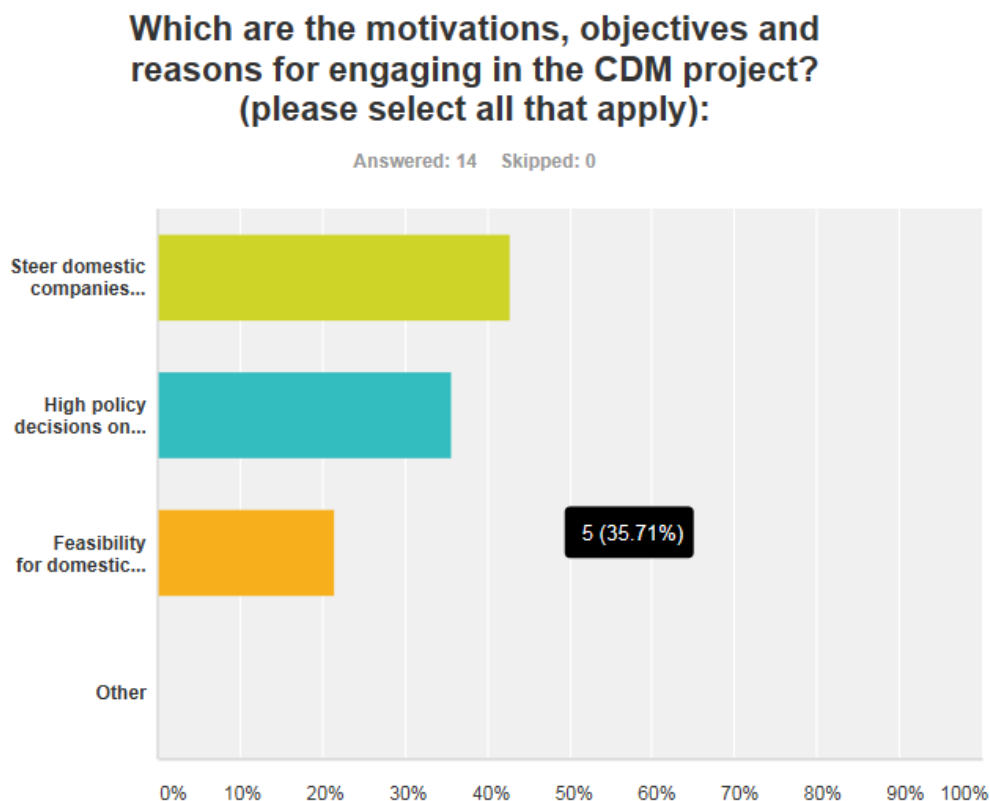
- (n) Provision of grants, loan schemes and encouraging local banks to loan project developers in CDM;
- (o) CDM EB to compile and communicate a list of still operating DOEs;
- (p) Process should come in a template form and accessed directly by UNFCCC;
- (q) 200 000;
- (r) Reduce operational costs;
- (s) Direct link with DNA and DOE;
- (t) Support to local institutions;
- (u) Support to local institutions;
- (v) Decide to register all CDM projects in these regions as POAs and offer grants for first POAs; this may entice more efforts to participate;
- (w) Follow the private sector in the countries;
- (x) Capacity building opportunities for potential DOEs candidates;
- (y) Simplification of modalities for accessing both financial and technical support;
- (z) Support to local institutions on technical skills on the linkage between CDM and the new market mechanisms;
- (aa) CDM EB could link up with discussions on New Market Mechanism so as to advocate for inclusion of CDM infrastructures therein;
- (bb) 100 000;
- (cc) Access to locally experienced service providers with global knowledge on the CDM;
- (dd) Simplification of regulations;
- (ee) Develop regional capacity building;
- (ff) Further reduce the amount of paper work involved in all CDM processes;
- (gg) Market confidence in carbon price trends;
- (hh) 100 000;
- (ii) Link with the CDM and DNA;
- (jj) Promote further participation of DOEs;
- (kk) Train to the political levels and decision makers;
- (ll) Bureaux Veritas has a representative in the region which is good for the region; Bureaux Veritas who at some point offered to train at their own costs; if other DOEs emulate such it would make a lot of difference;

Figure 11. Question 4 and responses received



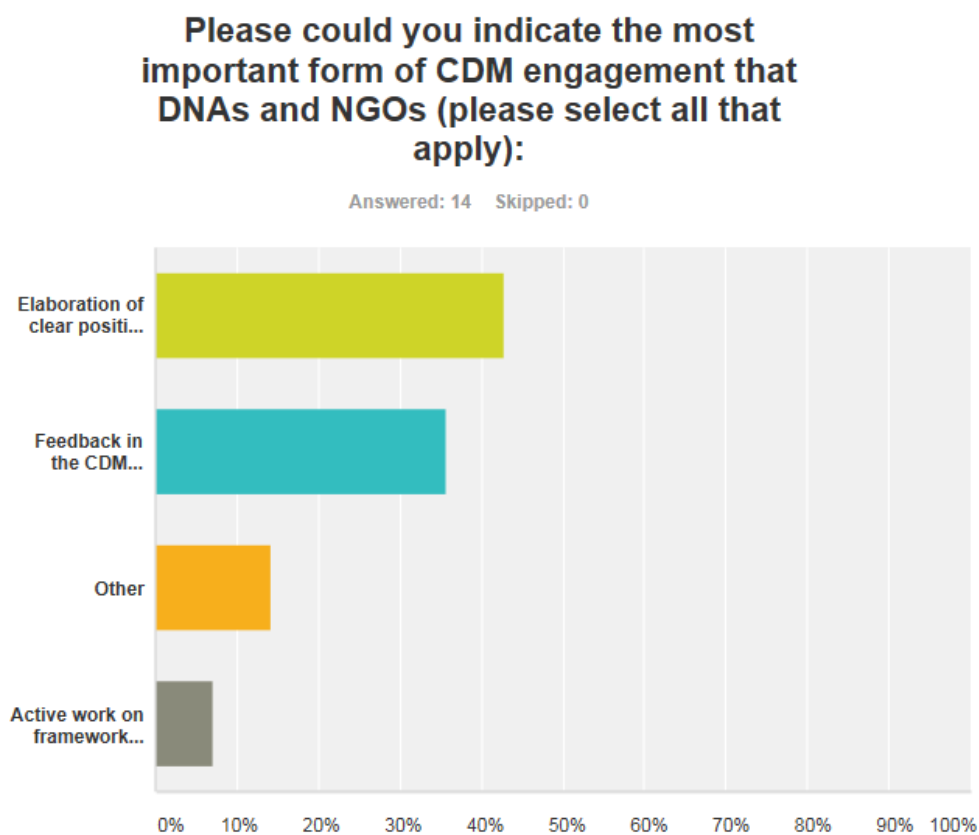
Answer Choices	Responses
INDIRECT ENGAGEMENT: Support to DNA set up and capacity building in home and host countries	50.00% 7
Business support or lobby activities	14.29% 2
DIRECT ENGAGEMENT: Establishment of branch offices	14.29% 2
Political co-ordination	7.14% 1
Establishment of a CDM tender (political criteria and thus favours certain project types)	7.14% 1
Other	7.14% 1
Total	14

Figure 12. Question 5 and responses received



Answer Choices	Responses
Steer domestic companies towards certain technologies and thus to influence technological and economic developments	42.86% 6
High policy decisions on nation state level guided by distinct political interests	35.71% 5
Feasibility for domestic firms to cut down emissions to meet international compliance obligations	21.43% 3
Other	0.00% 0
Total	14

Figure 13. Question 6 and responses received



Answer Choices	Responses	
Elaboration of clear positions on the current design of the CDM	42.86%	6
Feedback in the CDM approval process	35.71%	5
Other	14.29%	2
Active work on framework conditions	7.14%	1
Total		14

4. Inputs received from PPs

Figure 14. Numbers and responses received

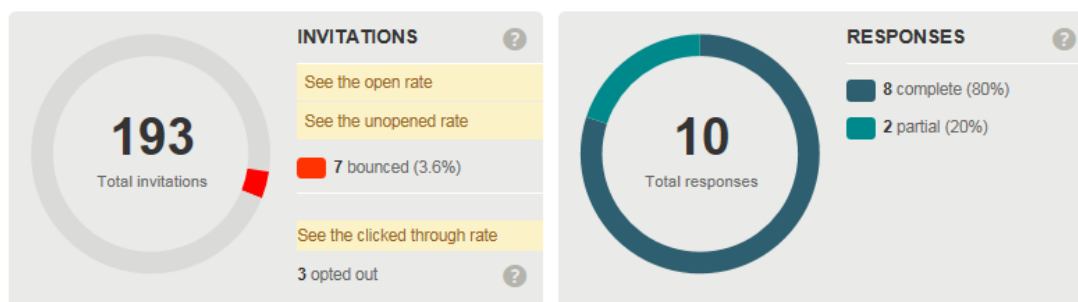
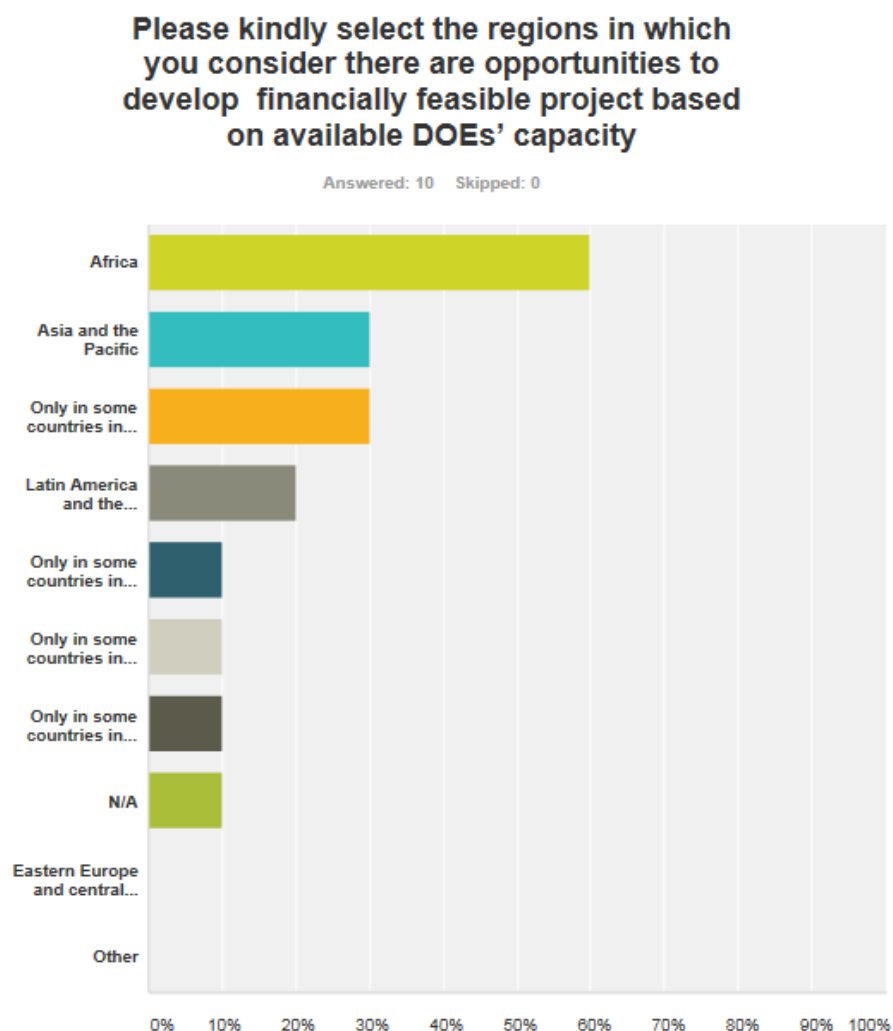


Figure 15. Question 1 and responses received



Answer Choices	Responses	
▼ Africa	60.00%	6
▼ Asia and the Pacific	30.00%	3
▼ Only in some countries in Asia and the Pacific	30.00%	3
▼ Latin America and the Caribbean	20.00%	2
▼ Only in some countries in Africa	10.00%	1
▼ Only in some countries in Latin America and the Caribbean	10.00%	1
▼ Only in some countries in Eastern Europe and central Asia	10.00%	1
▼ N/A	10.00%	1
▼ Eastern Europe and central Asia	0.00%	0
▼ Other	0.00%	0
Total Respondents: 10		

Figure 16. Question 2 and responses received

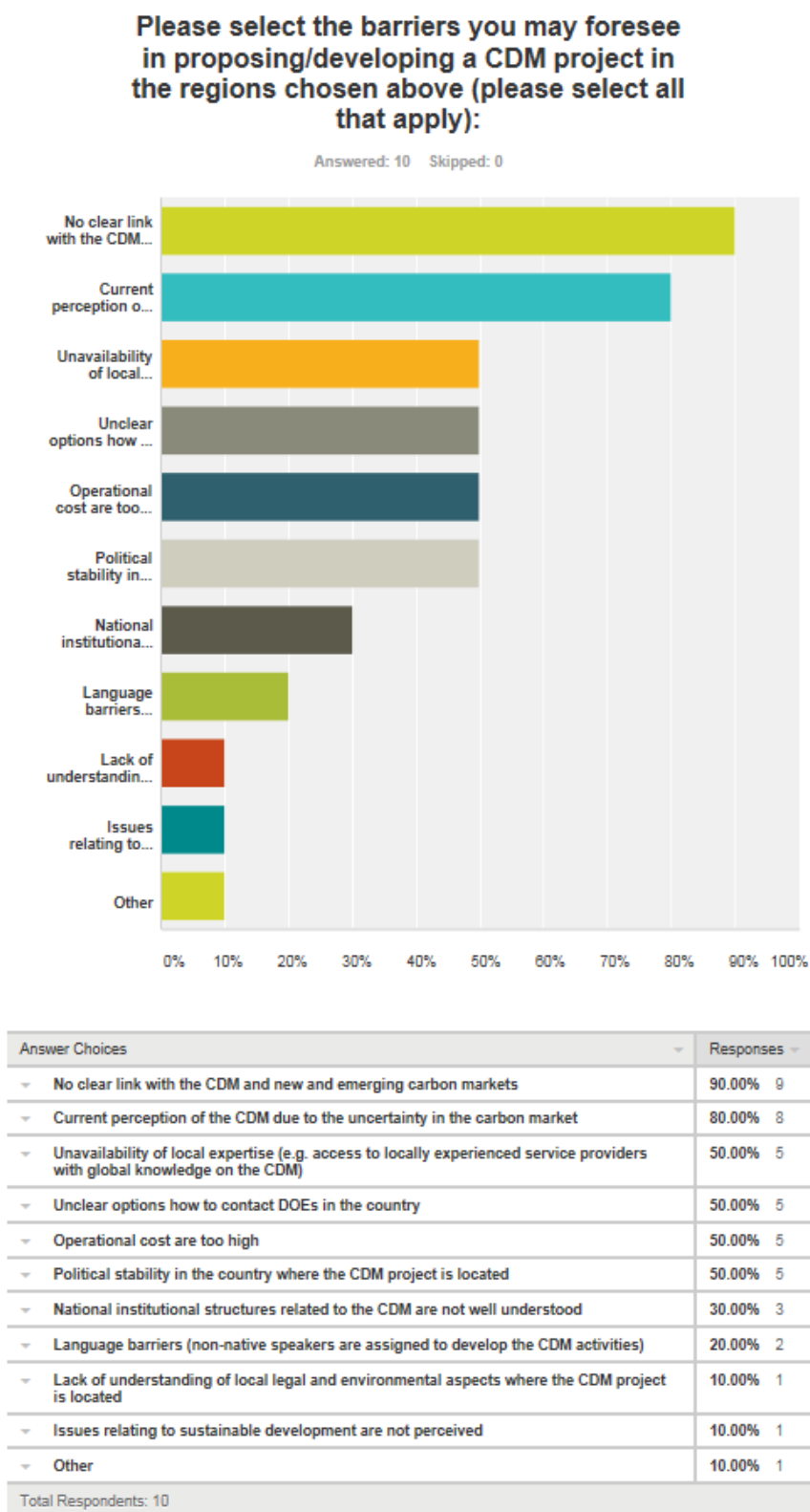


Figure 17. Question 3 and responses received

Based on the list of priority barriers listed above, please suggest cost/effective measures that the CDM Executive Board can take into account to promote further participation of DOEs in a) all regions and b) in underrepresented regions (e.g. regional capacity building, simplification of regulations, support to local institutions, etc.).

Answered: 8 Skipped: 2

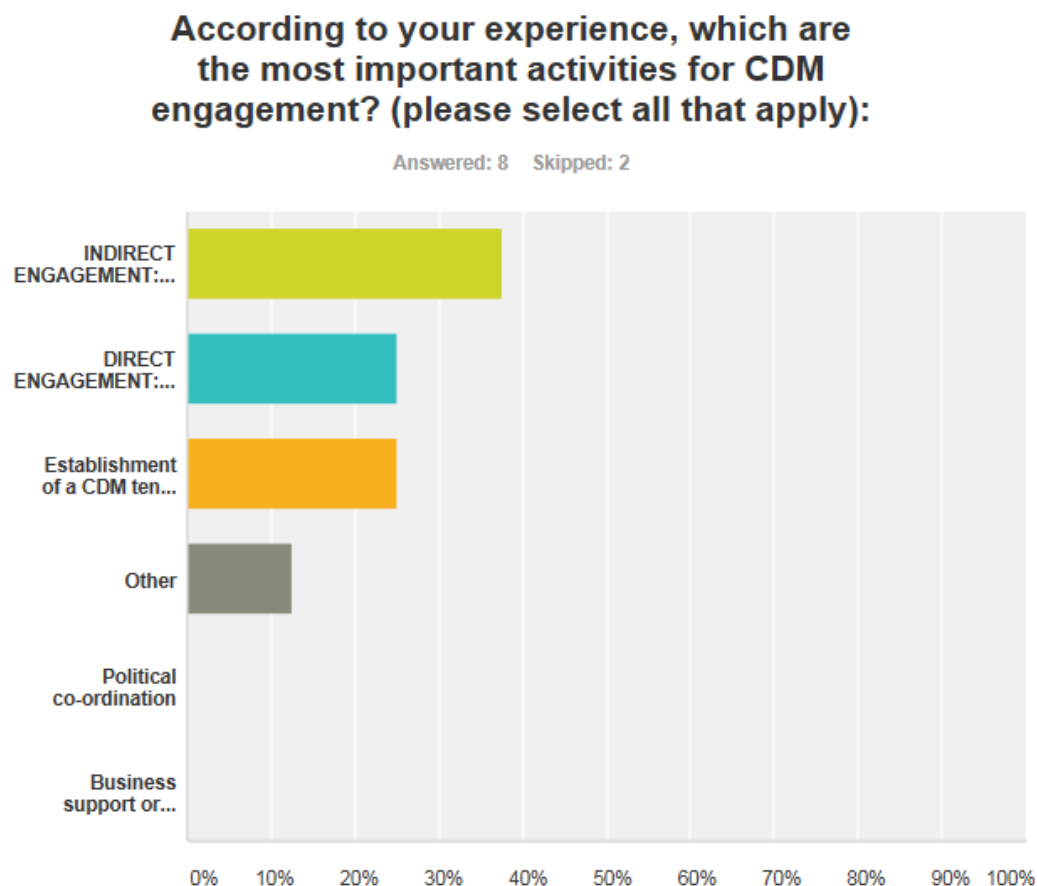
Answer Choices		Responses	
Cost/effective measure 1	Responses	100.00%	8
Cost/effective measure 2	Responses	62.50%	5
Cost/effective measure 3	Responses	50.00%	4
Cost/effective measure 4	Responses	25.00%	2

7. Further specific comments as received to question 3:

- (a) Establish link/collaboration mechanism between CDM and the emerging regional/national carbon markets;
- (b) Assist host countries to clarify CDM structures;
- (c) Better streamline tasks of CDM Consultants, DOE and Secretariat/EB. The involvement of 3/4 entities in registration and verification creates a lot of bureaucracy and paperwork where the same work is being done two or three times;
- (d) Clarity of carbon markets;
- (e) Find demand for CERs;
- (f) Simplification of regulations;
- (g) Training for experts on CDM development;
- (h) Increase demand for CERs through leveraging the Green Climate Fund (e.g. using CERs to pay-for-performance whereby CERs are cancelled, rather than being used as an offset);
- (i) Assist DOE to contact key stakeholders;
- (j) Continue standardising the registration and monitoring/verification process;
- (k) Link between CDM and NMM;

- (l) Representation of DoE in Africa;
- (m) Update the list of accredited DOEs on the CDM's website (the list is now very dated, with many DOEs no longer providing CDM validation/verification services);
- (n) Enhance knowledge of the CDM in host countries;
- (o) Presence of local experts;
- (p) Creating a system and ways for Africans on carbon trade market;
- (q) Have UNFCCC Regional Collaboration Centres (RCC) actively reach out to DOEs to discuss options for linking DOEs with local staff who could, for example, conduct DOE site visits to projects on behalf of the DOE. Alternatively a DOE could carry out a site visit with only one staff member coming from abroad and a second staff member from the RCC/local staff. This would reduce costs to project developers who need to cover the DOE travel and accommodation costs for two staff members always;
- (r) Internal validation/verification (by RIT) in absence of local DoE;
- (s) Consider having local RCC staff take an active role in validation/verifications.

Figure 18. Question 4 and responses received



Answer Choices	Responses
INDIRECT ENGAGEMENT: Support to DNA set up and capacity building in home and host countries	37.50% 3
DIRECT ENGAGEMENT: Establishment of DOEs branch offices	25.00% 2
Establishment of a CDM tender (political criteria and thus favors certain project types)	25.00% 2
Other	12.50% 1
Political co-ordination	0.00% 0
Business support or lobby activities	0.00% 0
Total	8

Appendix 2. Regional distribution of CDM projects and underrepresented regions

1. The regional distribution of CDM projects has been an issue of concern for Parties since the first session of the CMP, and both the Board and the secretariat have received mandates over the years to support underrepresented countries⁷ in engaging in the CDM. In order to help alleviate this concern and improve the regional distribution of the CDM, the secretariat has started to analyse the current CDM market penetration and will report to the CDM Executive Board in order to set up a strategy to help parties, stakeholders and project participants in underrepresented regions to overcome barriers to developing and implementing CDM project activities and PoAs, and to guide them through the steps of the CDM project cycle.

Table 1. Countries located in CDM underrepresented regions 2015⁸

Regions / Countries			
Africa	Asia and the Pacific	Latin America and the Caribbean	Eastern Europe and central Asia
Burkina Faso	Bhutan	Bahamas	Albania
Burundi	Democratic People's Republic of Korea	Barbados	Armenia
Cameroon	Fiji	Belize	Azerbaijan
Ethiopia	Maldives	Bolivia	Bosnia and Herzegovina
Ghana	Malaysia	Cuba	Cyprus
Liberia	Micronesia (Federated States of)	Dominica	Georgia
Madagascar	Mongolia	El Salvador	Kyrgyzstan
Malawi	Myanmar	Grenada	Montenegro
Mali	Nauru	Guyana	Republic of Moldova
Mauritania	Nepal	Haiti	San Marino
Namibia	Niue	Jamaica	Serbia
Niger	Palau	Paraguay	Tajikistan
Rwanda	Samoa	Saint Kitts and Nevis	The former Yugoslav Republic of Macedonia
Saudi Arabia	Singapore	Saint Lucia	Turkmenistan
Sierra Leone	Solomon Islands	Saint Vincent and the Grenadines	

⁷ Underrepresented regions include countries where there is very low penetration of CDM projects (countries with fewer than ten CDM registered projects), and where a significant number of projects or PoAs are emerging, e.g. particularly targeting specific sectors such as household energy efficiency.

⁸ Reference UNFCCC, 2015 <<https://cdm.unfccc.int/CDMMaps/displayDNAsMap?region=LAC>>.

Regions / Countries			
South Africa	Timor-Leste	Suriname	
Sudan	Tonga	Trinidad and Tobago	
Tanzania	Tuvalu	Venezuela (Bolivarian Republic of)	
Zambia	Vanuatu		
Zimbabwe			

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	4 July 2016	Initial publication as an annex to the annotated agenda of EB 90.
Decision Class: Operational Document Type: Information Note Business Function: Accreditation, Governance Keywords: DOE, accreditation process, annual report, evaluation research, role of DOE		
