

**Annex 3****CONCEPT NOTE
ON POSSIBLE INCENTIVES AND ACTIONS IN RELATION TO DOE COMPLIANCE IN
REPORTING PROJECTED SUBMISSIONS****(Version 01.0)****I. Background**

1. The clean development mechanism (CDM) Executive Board (hereinafter referred to as the Board), at its sixty-sixth meeting, considered a concept note by the secretariat on an improved system to predict long-term submissions, with a view to ensuring operational capacity and improving efficiency in the operation of the CDM, and agreed to require all designated operational entities (DOEs) to submit reports, at the frequency defined by the Board, with forecasts of submissions of requests for registration and issuance, and to encourage DOEs to improve the accuracy of their forecasted submissions.
2. Further, the Board at the same meeting agreed to request the secretariat to further explore means of providing incentives and taking action in relation to DOE compliance with this reporting requirement, for the consideration of the Board at a future meeting.
3. This note presents possible measures (incentives and actions) to enhance DOE compliance with the reporting requirements stated above.

II. Incentives for compliance

4. The results of DOEs reporting on their projected submissions will be mainly used by the Board and its support structure to effectively plan its resources available to deal with the expected submissions. The improved feature of the reporting system, which is for the six-month submission period following the point of reporting, should allow the secretariat to plan ahead to ensure sufficient capacity is available.
5. Although the secretariat has taken measures to ensure that it can handle reasonable fluctuations in submissions on a short-term basis (e.g. by ensuring a sufficient pool of external experts available in peak periods, deploying resources across units within the programme), a total absence of information on expected submissions by DOEs may create problems in the resource planning for medium-term and, eventually, unnecessary delays in processing submissions.
6. In addition, effective resource planning will only be achieved if it is based on reasonably accurate numbers. Therefore, it is necessary to have numbers that are reliable to be used as a basis for the planning.
7. In this context, in its regular report to the Board, the secretariat will include its observation of which DOEs have regularly complied with this reporting requirement, and how their forecast submissions are compared to their actual submissions.
8. It is suggested that this report to the Board be made publicly available and that the Board acknowledge DOEs that have regularly and accurately reported their forecast submissions on the UNFCCC CDM website.



III. Actions for non-compliance

9. Another improved feature of the reporting system includes automatic reminders sent to DOEs when their forecast reports have not been submitted two weeks prior to the deadline of the submission.
10. When it is observed that a DOE is not submitting its forecasted submissions, it is recommended that the Board, via the secretariat, notify the DOE to undertake a root-cause analysis of this non-compliance. The notification shall be treated by the DOE as a non-conformity (NC) originating from stakeholder feedback, and shall be followed up by the DOE in accordance with relevant sections in the CDM Accreditation Standard¹ (e.g. by proposing/initiating corrective actions).
11. To assess the effectiveness of the follow-up actions by the DOE, the Board shall request the secretariat to incorporate the assessment of these follow-up actions in the workplan of regular assessment of the entity in accordance with the CDM Accreditation Standard.
12. In the event that the secretariat finds that a DOE is repeatedly (in at least two consecutive reporting cycles) failing to comply with the reporting requirement, the Board shall request the secretariat to conduct a focused assessment of the DOE.

IV. Recommendations

13. It is recommended that the Board approve the proposed incentives to encourage compliance and means to address non-compliance with the reporting requirement as discussed above.

History of the document

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01.0	2 July 2012	Initial publication as an annex to the annotated agenda of EB68.
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¹ Section F regarding Managing non-conformities in operation (paragraphs 123-124) and Section G regarding Corrective and preventive actions (paragraphs 125-126) of the CDM Accreditation Standard (Version 4.0, effective as of 12 June 2012).