

CDM-EB93-AA-A09

Revision of CDM project standard, validation and verification standard, and project cycle procedure

Version 03.0



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), at its sixty-fifth meeting, adopted the “CDM project standard” (PS), “CDM validation and verification standard” (VVS) and “CDM project cycle procedure” (PCP), consolidating, and modifying as appropriate, the existing regulatory documents at that time. To date, the Board has revised each of these documents several times, mainly reflecting the evolving rules for programmes of activities (PoAs) and introducing the rules for carbon dioxide capture and storage project activities, and project activities and PoAs applying standardized baselines.
2. Since its eighty-sixth meeting (EB 86), the Board has been considering various concrete proposals prepared by the secretariat to simplify and streamline the CDM. By EB 90, the Board had agreed on the directions for most of the proposals, and requested the secretariat to prepare revised regulatory documents reflecting the agreed directions.
3. Based on a request from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its eleventh session, the Board, at EB 88, considered options for developing standalone PoA guidance, and requested the secretariat to start developing two sets of regulatory documents, one applicable only for PoAs and the other only for project activities, taking as a basis the provisions of the existing PS, VVS and PCP, and reflecting all new directions and changes agreed by the Board since the last revision of these documents.
4. At EB 91, the Board considered draft PS, VVS and PCP applicable only for PoAs and provided guidance on the areas for revising the drafts. At EB 92, the Board considered revised draft PS, VVS and PCP applicable only for PoAs, and another set of draft PS, VVS and PCP applicable only for project activities, and provided further guidance for revising the drafts.

2. Purpose

5. The purpose of the revision of the PS, VVS and PCP is to generally simplify and streamline the CDM regulations, as well as to accommodate the request from the CMP at its eleventh session with regard to the development of standalone PoA guidance.

3. Key issues and proposed solutions

3.1. General

6. The draft revised PS, VVS and PCP contained in appendices 3–5 are the set of these documents applicable only for project activities, and those in appendices 6–8 are the set applicable only for PoAs. Both sets are revised versions of those presented at EB 92 and reflecting the guidance that the Board provided at that meeting.

7. In conjunction with the revision of the PS, VVS and PCP, two other regulatory documents – the “Standard: Sampling and surveys for CDM project activities and programmes of activities” and the “Glossary: CDM terms” – have also been revised to accommodate the changes made to the PS, VVS and PCP. The drafts of these revised documents are published as annexes 5 and 6, respectively, to the annotated agenda of EB 92.
8. The draft revised PS, VVS and PCP reflect or incorporate the following:
 - (a) The directions of changes for simplifying and streamlining the CDM agreed by the Board based on the considerations of:
 - (i) “Concept note: Proposals for simplification and streamlining of the CDM” (presented at EB 86);
 - (ii) “Concept note: Revised proposals for simplification and streamlining of the CDM (first batch)” (presented at EB 87);
 - (iii) “Concept note: Revised proposals for simplification and streamlining of the CDM (second batch)” (presented at EB 88);
 - (iv) “Concept note: Revised proposals for simplification and streamlining of the CDM (third batch)” (presented at EB 89);
 - (v) “Concept note: Progress of the work on the simplification and streamlining of the CDM” (presented at EB 90);
 - (vi) “Revision of CDM project standard, validation and verification standard, and project cycle procedure” (presented at EB 91);
 - (b) The structure of revised PS, VVS and PCP agreed by the Board based on the consideration of the “Concept note: Options for developing programme of activities guidance” (presented at EB 87);
 - (c) Other changes agreed by the Board with regard to:
 - (i) Voluntary monitoring of sustainable development co-benefits (EB 82 report, para. 43);
 - (ii) Timing of local stakeholder consultation (EB 85 report, para. 69(a));
 - (iii) Improving stakeholder consultation processes (EB 86 report, annex 12);
 - (iv) Updating the status of validation and verification (EB 89 report, para. 13);
 - (v) Applicability of pro rata approach to issuance of temporary certified emission reductions and long-term certified emission reductions (EB 89 report, para. 49);
 - (vi) Reducing the risk of disputes and irregularities in the modalities of communication processes (presented as part of the concept note referred to in subpara. (a)(v));
 - (d) Relevant existing regulatory documents:

- (i) “Standard: Demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programme of activities” (version 04.0);
 - (ii) “Standard: General principles for bundling” (version 03.0);
 - (iii) “Amendment to version 09.0 of the CDM project standard” (issued at EB 86);
 - (iv) “Amendment to version 09.0 of the CDM project cycle procedure” (issued at EB 86);
 - (v) “Clarification: Renewal of crediting period of registered CDM project activity that has not been implemented in the first crediting period” (issued at EB 82);
 - (vi) “Clarification: New project activity in the same physical or geographical location at which a project activity whose crediting period has expired existed” (issued at EB 83);
 - (e) General editorial and consistency improvement.
9. In the draft revised PS, VVS and PCP, the parts that include substantive changes to the currently effective versions are highlighted in yellow. Obvious changes that are necessary to create separate versions for project activities and for PoAs are not highlighted. These include removing “coordinating/managing entity”, “PoA” and “component project activity (CPA)” for the project activity version, or removing “project participants” and “project activity” from the PoA version, and general editorial improvements. Section, paragraph and subparagraph numbers have been renumbered after the deletions, additions and repositioning.
10. The tables in appendix 2 show the sources of all paragraphs in the draft revised PS, VVS and PCP.

3.2. Main changes from the previous version

3.2.1. Clarification of applicable requirements for programmes of activities

11. At EB 92, the Board requested the secretariat to revise the draft PS and VVS for PoAs submitted for that meeting to clearly differentiate applicable requirements at the PoA, generic CPA and specific-case CPA levels. Based on this request, restructured draft PS and VVS for PoAs were developed during EB 92, and after the meeting, the provisions therein were further reviewed and placed in the appropriate levels.

3.2.2. Alignment of section structure

12. As the validation and verification requirements in the VVS are based on the requirements in the PS, the section structures and sequence of these two documents have been aligned so that the corresponding requirements can be found easily. Since the “Standard: Demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programmes of activities” has now been incorporated into the PS, corresponding validation and verification requirements have been introduced in the VVS. For example, requirements on what the DOE shall check while validating a proposed CDM PoA to which multiple methodologies are applied, are added in a separate section.

3.2.3. Removal of duplications

13. In some instances, the same requirements appeared across multiple documents with slightly different wording. As this could increase the risk of inconsistency in regulations, such duplications have been removed to the extent reasonable.

4. Impacts

14. Revised PS, VVS and PCP would benefit all stakeholders, as well as the Board and the secretariat, due to simplified and streamlined CDM regulations and improved consistency, clarity and comprehensiveness.

5. Proposed work and timeline

15. Upon the adoption by the Board of the two sets of revised PS, VVS and PCP and other affected regulatory documents, the secretariat will prepare for the implementation of the revised regulatory framework as elaborated in appendix 1.

6. Recommendations to the Board

16. The Board may wish to adopt the two sets of revised PS, VVS and PCP and other affected regulatory documents referred to in paragraphs 6 and 7 above.
17. The Board may wish to agree on the transitional arrangement of regulations referred to in section 4 of the implementation plan as contained in appendix 1, and request the secretariat to prepare for the implementation referred to in section 3 of the implementation plan.

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The above-mentioned appendices are available at

<<https://cdm.unfccc.int/Meetings/MeetingInfo/DB/F9VJ5WH6QTEDN14/view>>.