

CDM-EB77-AA-A05

Draft CDM Executive Board decision and documentation framework

Version 05.0

DRAFT



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. At its sixty-seventh meeting, the Executive Board of the CDM (Board) adopted the revised “CDM Executive Board decision and documentation framework” and requested the secretariat to make further changes to the document, for its future consideration, specifically to reduce the number of document types and reconcile the various approaches to version control for policy regulations and methodologies. The Board also requested the secretariat, in the context of preparing a revised draft, to consider the appropriate classification of this document.

2. Purpose

2. The purpose of amending this document is to:
 - (a) Update the document to reflect recent regulatory documents approved by the Board, including standardized baselines and a voluntary tool;
 - (b) Remove the version control section which is now available directly on the CDM website’s rules and reference page;
 - (c) Simplify the description of document types and more clearly illustrate the link between document types and Board decision classes;
 - (d) Generally improve consistency of terms and language used in the document.

3. Key issues and solutions

3. Document types – The document types were previously consolidated and no further areas for consolidation were identified.
4. Version control – The secretariat is undertaking a project in 2014 to improve the efficiency and effectiveness of regulatory management under the CDM, including an assessment of how to align document and version control across policy and methodological documents.
5. Classification of the document – The secretariat reviewed the purpose and intent of the document and confirmed that the document’s classification (information note) is the correct classification. The document is providing factual information about and descriptions of the decisions and documents of the Board. The document is not setting standards or requiring action to be taken.

4. Impacts

6. The amendments aim to improve the clarity of the document for all users.

5. Subsequent work and timelines

7. The secretariat will continue to review existing documents as and when the documents are revised to ensure that the classification remains valid. If required, existing documents will be reclassified at the time of revision.

6. Recommendations to the Board

8. The secretariat recommends that the Board adopt the amendments contained in this document.

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1. Introduction

1.1. Background

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its fourth session, requested the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) to improve transparency and consistency in its decision-making, through clarifying the hierarchy of its decisions and classifying its documentation as a means of achieving a more transparent, equitable and consistent mechanism.
2. This document, initially adopted at the forty-seventh meeting of the Board, addresses the mandate of the CMP. It is continually updated to reflect the different classes of decisions and the types of documents issued by the Board.

1.2. Objective

3. The objective of this document is to maintain consistency, transparency and clarity within the body of decisions and documents issued by the Board, to facilitate the successful operationalization of the CDM.

2. Scope

4. This document describes:
 - (a) The hierarchical relationship between decisions taken by the CMP and decisions of the Board;
 - (b) The different classes of decisions taken by the Board;
 - (c) The different document types containing these decisions;
 - (d) The hierarchical relationship between ~~the CDM~~ documents;
 - (e) The ~~relationship between Board decision classes and document types~~ ~~control and limitation of the documents~~.

3. Decision hierarchy between the CMP and the Board

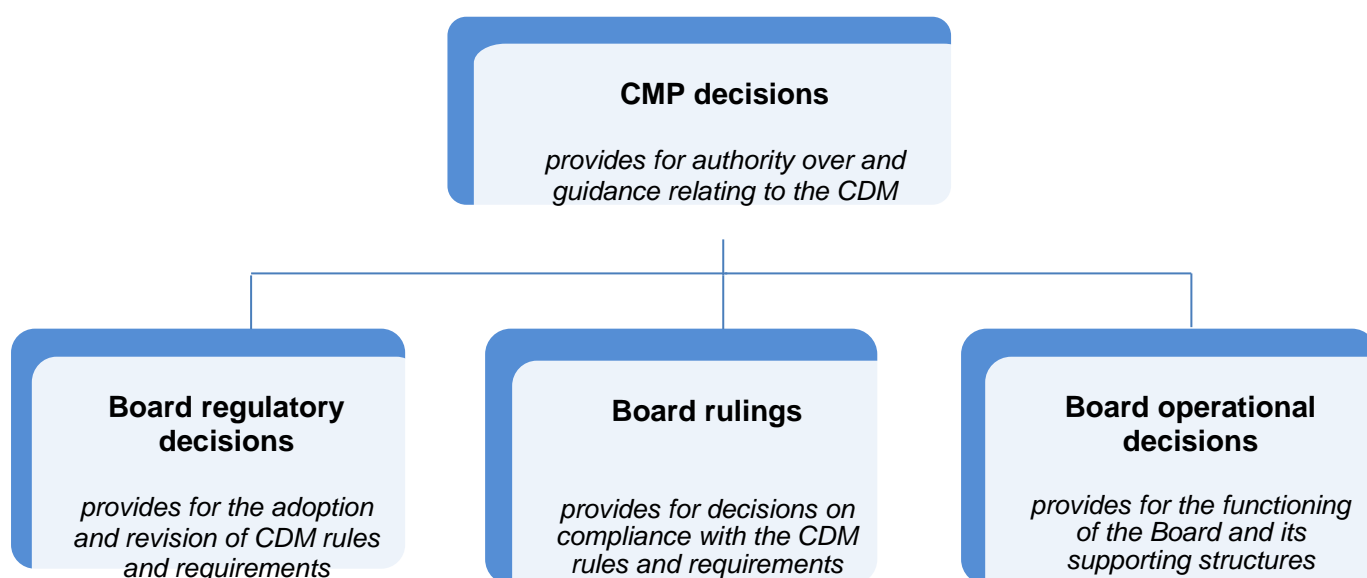
5. The CMP is the ultimate decision-making body of the CDM. The CMP has authority over and provides guidance to the Board through the adoption of decisions, published in reports of the CMP. The decisions of the CMP outline formal expectations with respect to the CDM. They set direction and establish precedents which serve as reference for future decision-making and the basis for operationalizing the CDM. CMP decisions are treated as mandatory requirements or rules intended to ensure the successful implementation of the Kyoto Protocol.
6. The Board is the regulatory body of the CDM. Acting under the authority and guidance of the CMP, it is fully accountable to the CMP. The Board has authority over and provides guidance to the activities and processes of the CDM. All decisions taken by the Board elaborate upon and must be consistent with decisions of the CMP. Decisions of the

Board taken during Board meetings are recorded in the meeting reports of the Board and their accompanying annexes, which together form the official record of the proceedings of the Board meetings. The authoritative set of documents containing regulatory decisions is published in the Rules and Reference section of the UNFCCC CDM website.

4. Board decision classes

7. Taking into account both the rule-making and rule-enforcing roles of the Board, decisions of the Board are divided into three classes:
- (a) **Regulatory decisions:** relate to the adoption of, or revision to, CDM rules and requirements to be followed by **the Board, its support structure and** stakeholders. Regulatory decisions are reflected in the adoption of, or revisions to: standards, procedures, **tools**, guidelines and clarifications;
 - (b) **Rulings:** relate to the determination of whether the actions of project participants, applicant entities (AEs), **and/or** designated operational entities (DOEs) are in compliance with the CDM rules and requirements. Rulings taken during the Board meetings are published in the main body of the meeting reports of the Board **and/or** as separate documents after Board meetings;
 - (c) **Operational decisions:** relate to the functioning of the Board and its support structure (panels, working groups and secretariat) and include: decisions on finance; administration; programmes of work; internal operating procedures and the establishment of supporting bodies. Operational decisions are either published within the main body of the meeting reports of the Board or reflected in the adoption of, or revision to, internal standards, procedures and guidelines, or in the publishing of information notes.

Figure 1. Decision classes



5. Document types

8. The CDM body of documents, developed by the Board to implement and support CMP decisions and operationalize the CDM, includes:

(a) **Standards:** Standards are designed to achieve a uniform approach to compliance with the CDM modalities and procedures. A standard describes mandatory levels of performance (policy standard) and/or provides mandatory specifications (methodological standard), and as such, is used as a reference point against which compliance is evaluated. Methodological CDM standards include methodologies and methodological tools;

(i) **Policy standards:** A standard relating to the project cycle, accreditation, the development of methodologies or standardized baselines, or governance of the CDM (which is not a methodology, standardized baseline or a methodological tool);

(ii) **Methodologies:** A baseline and monitoring methodology prescribes requirements to establish the baseline scenario, demonstrate additionality, define the project boundary and calculate and monitor emission reductions for CDM project activities and programme of activities;

(iii) **Standardized Baselines:** A baseline developed for a Party or a group of Parties, on a sub-national, national or group-of-countries basis, to facilitate the calculation of GHG emission reductions and removals by sinks and/or the determination of additionality for CDM project activities or programmes of activities, while providing assistance for assuring environmental integrity;

(b) **Procedures:** A procedure contains a mandatory series of actions that must be undertaken to demonstrate in a uniform and consistent way that the Board, the secretariat, project participants, DOEs/AEs, and designated national authorities (DNAs) and other stakeholders comply with the CDM modalities and procedures and the standards issued by the Board. Procedures relate to regulatory processes in the CDM project cycle and in the accreditation of operational entities, and the operations operational processes of the Board and its support structure including the rules of procedures of the Board and the terms of reference for the support structure;

(c) **Tools:** A tool is used to calculate, determine, demonstrate, estimate, elaborate, identify and/or test information required by a standard or procedure. The standard or procedure will indicate whether the use and/or application of the tool is voluntary or mandatory. CDM tools include:

(i) **Policy tool:** Supports or is a part of a standard or procedure relating to the project cycle, accreditation, the development of methodologies or standardized baselines, or governance of the CDM (which is not a methodological tool);

(ii) **Methodological tools:** A standardized, stepwise approach to calculate, determine, demonstrate, estimate, identify and/or test information or parameters relating to, or for application in, a CDM project activity activities or programme of activities. If When a methodology refers to some or all

components of a methodological tool, then the use of that tool is mandatory when applying that methodology;

- (d) **Guidelines:** A guideline contains supplemental information such as acceptable recommended (non-mandatory) methods for satisfying requirements identified in the CDM modalities and procedures or standards and/or procedures issued by the Board or best practice examples or instructions on how to fill out forms. Guidelines describe processes and are designed to promote a uniform approach to compliance with the applicable standards or procedures;
- (e) **Clarifications:** A clarification is issued to alleviate confusion relating to the application of requirements in a regulatory standard or procedure. Two types of clarifications are issued by the Board:
- (i) **Policy clarification:** A clarification issued to alleviate confusion relating to the application of requirements in a policy standard or procedure. A policy clarification is published as an annex to the report of a Board meeting. It does not change the scope of the policy standard, procedure or requirement(s) that it is clarifying. A policy clarification is transitory in nature, pending the subsequent revision¹ of the related policy standard or procedure which takes into account and incorporates the clarification;
 - (ii) **Methodological clarification:** A clarification issued in response to a project participant(s), DOE or other stakeholder wishing to seek clarification on the applicability of a methodology, standardized baseline, or a methodological tool. A methodological clarification is issued in accordance with the relevant procedure;²
- (f) **Ruling notes:** A ruling note explains the rationale behind a negative decision (ruling) of the Board regarding, inter alia, accrediting an operational entity (DOE), registering a project activity or programme of activities or issuing certified emission reductions (CERs). Ruling notes are made available as annexes to Board meeting reports or directly on the UNFCCC CDM website in cases where the secretariat is mandated to produce such notes;
- (g) **Information notes:** An information note contains factual and/or analytical information on a particular subject matter relating to the CDM rules and requirements, the functioning of the Board and its support structure, or rulings of the Board (that is, the reasons for the decision), or the functioning of the Board and its support structure. Information notes do not contain requirements and may be published as annexes to the Board meeting annotated agendas or reports, and/or directly on the UNFCCC CDM website in cases where the secretariat is mandated to produce such notes. Information notes include concept notes for developing or revising regulatory or operational documents, summary notes,

¹ Clarifications must be incorporated into the corresponding standard or procedure within the calendar year within which the clarification was published.

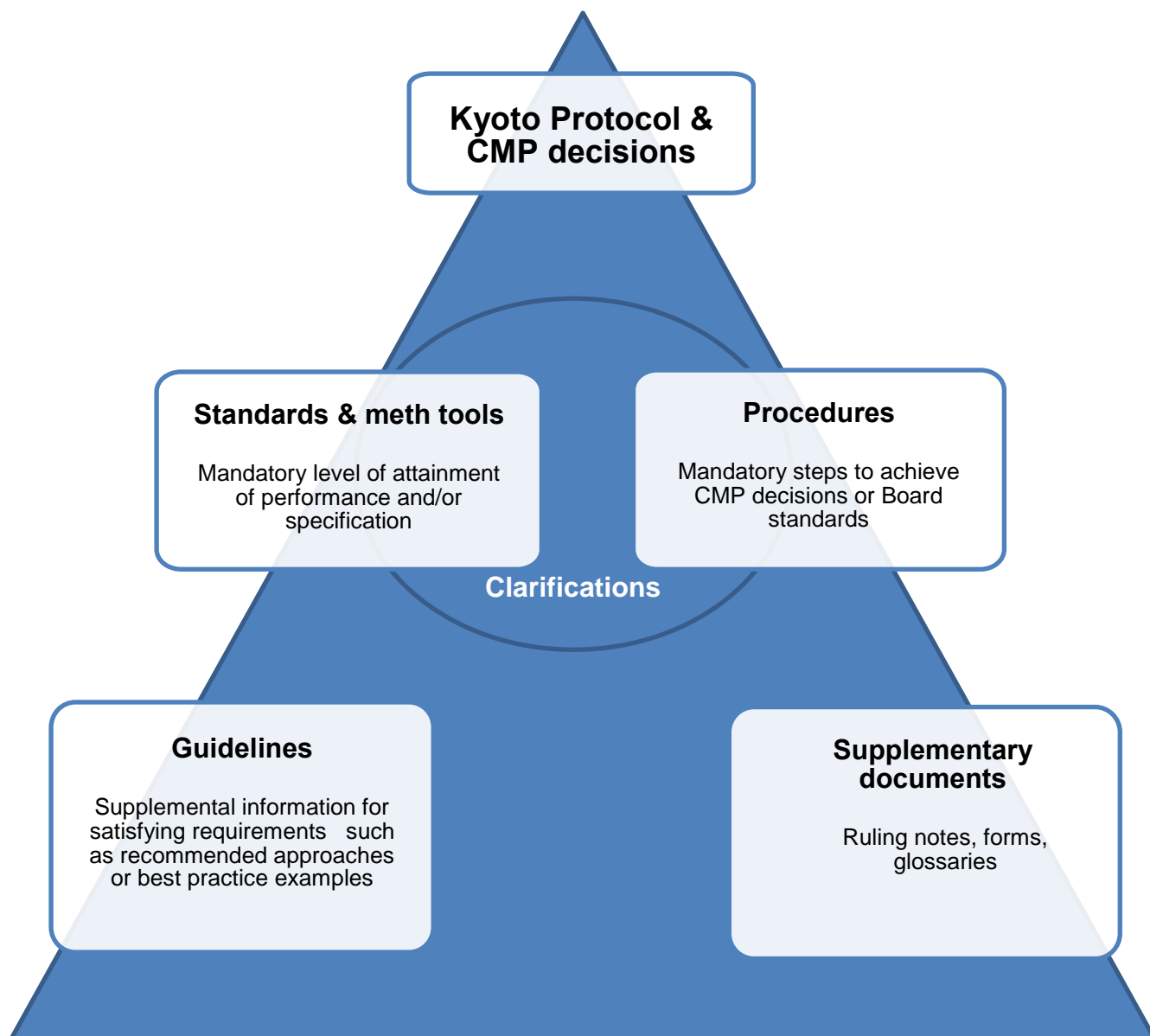
² For example: "Procedure: Development, revision and clarification of baseline and monitoring methodologies and methodological tools. Procedure for the submission and consideration of queries regarding the application of approved methodologies and methodological tools by designated operational entities to the Meth Panel."

performance monitoring notes, and other types of notes explaining or providing information.

- (h) **Forms:** Forms are used to facilitate the submission of capture data or information required in the CDM processes project cycle. A form contains pre-defined data fields to be filled in by project participants, or AEs/DOEs or DNAs. Completing and submitting forms is part of a mandatory series of actions (how to), required by the CDM modalities and procedures, or a standard or procedure issued by the Board. Forms do not contain requirements and are published directly on the UNFCCC CDM website; and
- (i) **Glossaries:** A glossary is an alphabetical list of terms relating to the CDM issued by the Board to facilitate a common understanding of terminology used in Board documentation.;
- (j) **Recommendations:** A recommendation is a document recommending, endorsing or supporting a course of action. Recommendations from panels or working groups to the Board are published as annexes to the meeting reports of the panels or working groups, or directly published on the UNFCCC CDM website. Recommendations from the Board to the CMP may be published as annexes to the meeting reports of the Board and are included in the Board's annual report to the CMP.

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Figure 2. Hierarchy of document types



Tier 1 – Kyoto protocol (KP) is supreme text, mandatory; CMP decisions: contain, inter alia, requests, rules and requirements; rules and requirements are mandatory

Tier 2 – Board standards, methodological tools, procedures and policy clarifications: contain mandatory requirements (policy clarifications are subsequently incorporated into relevant standard or procedure); subordinate to tier 1

Tier 3 – Board guidelines and supplementary documents: contain non-mandatory, supplemental information; subordinate to tier 1 and tier 2

* A policy tool may be mandatory (tier 2) or non-mandatory (tier 3) as prescribed in the standard or procedure that the tool supports or is a part of

6. Control and limitation of documents issued by the Board

9. When considering issuing a new document or revising an existing document, the Board keeps in mind the priority to consolidate, streamline and ensure consistency of all of its documentation.
10. Documents issued by the Board, with the exception of methodologies and methodological tools, can be amended as described below:
 - (a) Substantive revision: When substantive changes are made to a document, the document is replaced with a new document version and issued with a new primary version number;

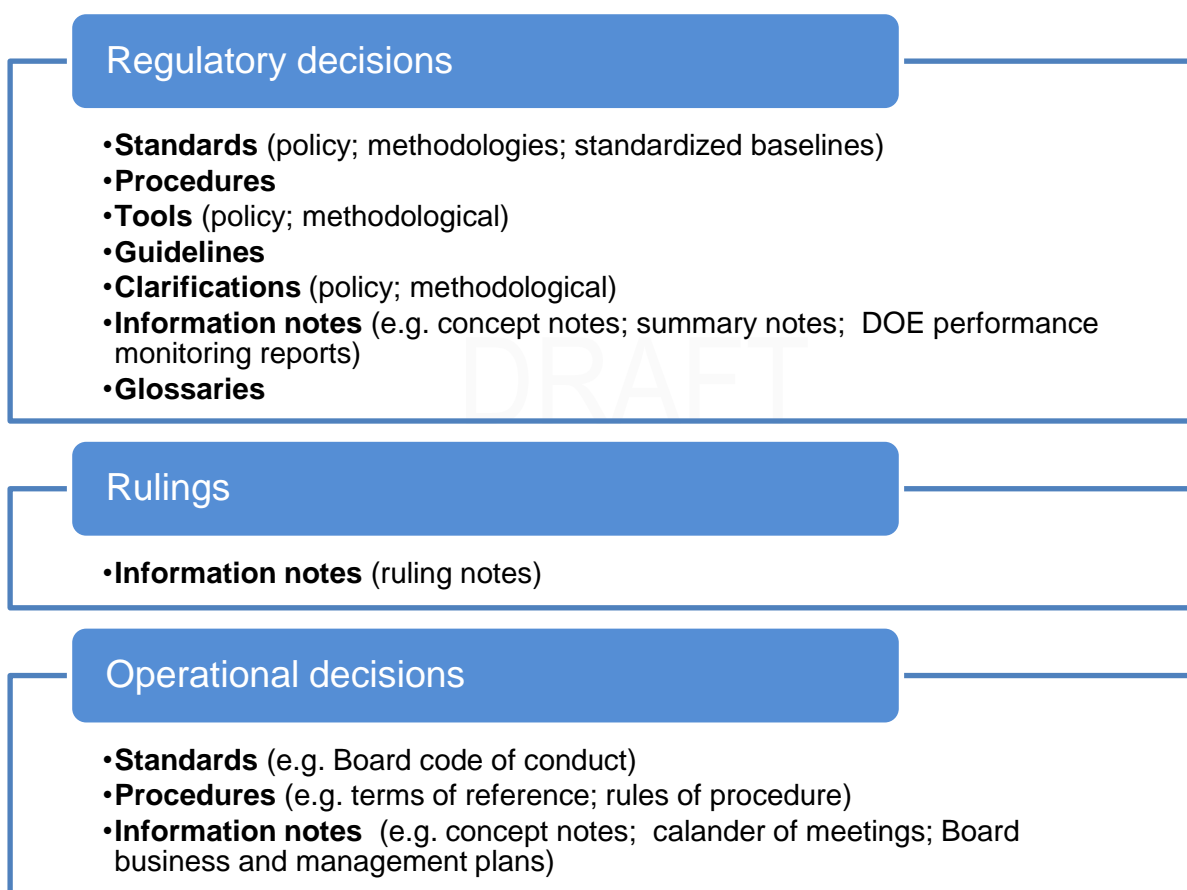
Example: Version 2.0 of a document is replaced by Version 3.0, where the number "3" indicates a substantive change to the information contained in the document.
 - (b) Corrective or editorial revisions: Corrections or editorial changes do not constitute a substantive revision of the document. When corrections or editorial changes are made to a document, the document is re-issued under the same primary version number;

Example: Version 2.0 of a document is re-issued as Version 2.1, where the number "1" indicates a revision due to corrections or editorial changes.
 - (c) Withdrawal: Documents are withdrawn from active circulation when the information they contain is no longer applicable, relevant, or correct.
11. To increase transparency and ensure that users are aware of the latest versions of the Board's regulatory documentation:
12. The version containing substantive changes, with the exception of forms, will be recorded in and annexed to the meeting report of the Board, and published on the UNFCCC CDM website. The latest version of the document becomes effective, unless otherwise stated in the meeting report or in the document itself, on the date of publication of the meeting report in which the document was revised;
13. The version containing changes of a corrective or editorial nature will be published on the UNFCCC CDM website and will become applicable on the date of publication. Documents having undergone corrective or editorial revisions will be noted in the next meeting report of the Board. Unless otherwise stated in the revised document, a grace period will apply between the date of publication of the version containing the corrective or editorial changes on the UNFCCC CDM website and the official notification of the corrective or editorial revision in the next meeting report of the Board;
14. Substantive, corrective or editorial revisions to forms may be made and published by the secretariat on the UNFCCC CDM website at any time. The latest version of a form will become applicable on the date of publication. The revision of the form will be noted in the next meeting report of the Board. A grace period will apply between the date of publication of the revised form on the UNFCCC CDM website and the official notification of the revision in the next meeting report of the Board.

15. Stakeholders are encouraged to regularly review the Rules and Reference section of the UNFCCC CDM website to ensure that they have the latest versions of documents, especially for forms that are required as part of a submission process in the CDM project cycle.
16. Each published Board document includes on its last page a “Document information” or “History of Document” box which contains contextual information, including the nature and date of changes made to the document. Readers should routinely consult this information when making use of a document.

6. Board decision classes and document types

Figure 3. Relationship between decision classes and document types



Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
05.0	3 February 2014	Published as an annex to the annotated agenda of EB77. This revision is to: <ul style="list-style-type: none"> • Update the document to reflect recent regulatory documents approved by the Board, including standardized baselines and a voluntary tool; • Remove the version control section which is now available directly on the CDM rules and reference page; • Simplify the description of document types and more clearly illustrate the link between document types and Board decision classes; • Generally improve consistency of terms and language used in the document.
04.0	11 May 2012	EB67, Annex 4. This revision: <ul style="list-style-type: none"> • Includes a background and scope section to improve the understanding of the document; • Separates out and expands the sections on decision classes and document types to cover internal operational procedures and instructions that relate to the functioning of the regulatory body, its supporting panels and working groups and the secretariat.
03.2	13 June 2011	Editorial change to remove the word "Draft" in title.
03.1	6 June 2011	Editorial changes to align headings and re-number subheadings appropriately.
03	EB 61, Annex 25 3 June 2011	This revision: <ul style="list-style-type: none"> • Improves readability based on questions from stakeholders; • Updates the document in light of revised procedures and clarifies the difference between editorial revisions and substantive revisions to documents and the applicability conditions of when revised documents come into effect.
02	EB 53, Annex 38 26 March 2010	Changes were made to tighten up definitions, remove unused document types and combine the decision hierarchy and the different document types, issued by the Board, into one document. This document replaces CDM Executive Board Decision Framework: Decision Hierarchy and Definitions (EB 47 Report, Annex 61) and incorporates the information contained in Definition of document types issued by the Board (EB 49 Report, Annex 31), and thus replaces this document as well.
01	EB 47, Annex 61 28 May 2009	Initial adoption.

Decision Class: Operational

Document Type: Information note

Business Function: Governance

Keywords: management of official documentation, transparency
