

**Annex 21****CONCEPT NOTE
ON IMPROVING PROGRAMME OF ACTIVITIES STANDARDS AND GUIDELINES****(Version 01.0)****I. Background**

1. Paragraph 8 of decision 8/CMP.7 “Requests the Executive Board to continue its work to improve the procedures on programmes of activities (PoA)”.
2. At its sixty-fifth meeting the Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) adopted the “Standard for demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programme of activities”. The Board further noted that the stakeholders provided useful practitioners’ perspectives to further improve the PoA standards as part of the consultation process in developing the standard for PoAs.
3. The Board requested the secretariat to prepare an analysis of the inputs received indicating the feasibility, and pros and cons of each of the suggestions made, to be considered by the Board at its sixty-seventh meeting. The analysis shall include, inter alia, implications of applying thresholds to the units within a component project activity (CPA), further streamlining the definition of the start date of CPA and PoA, further streamlining the validation and verification process for PoAs comprising dispersed micro-scale CDM project activities, modalities and procedures to identify certified emission reductions (CERs) generated from specific countries in the context of PoAs with geographic coverage extending to multiple countries.
4. The PoA working group¹ made submissions to the sixty-sixth² and sixty-fifth meeting of the Board.³

II. Stakeholder inputs

5. Input from the stakeholders are identified in six areas listed below. These inputs were received through submissions from stakeholders such as the ones referred to in paragraph 4 above.
 - (a) Input 1: allow application of micro-scale additionality guidelines to very small dispersed standalone units within a CPA such as biogas digesters, solar systems;
 - (b) Input 2: allow CPAs to start upon announcement of a PoA rather than current requirement of webhosting of the PoA documentation to commence validation;

¹ The PoA working group was established in October 2011 on the initiative of Perspectives Climate Change with financial support of the Federal German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the CDM/JI Initiative. The purpose of the working group is mainly: “To provide a forum for dialogue, the exchange of experiences and coordination of support of PoAs through the PoA financing activities of the working group members. The central focus for this dialogue is current PoA developments, the existing and remaining barriers for PoA implementation and the development of concrete solutions.” Key organisations involved in the financing of PoAs since the inception of the market, including: KfW Bankengruppe, World Bank Carbon Finance Unit and CDC Climate Asset Management are among the members of the group.

² <http://cdm.unfccc.int/public_inputs/2012/eb66_01/index.html>

³ <http://cdm.unfccc.int/public_inputs/2011/eb65_01/index.html>



- (c) Input 3: in the case of very small dispersed standalone units, require only the validation of PoAs i.e. only PoA design document (PoA-DD) submittal, followed by verification of emission reductions of CPAs including the check of compliance with eligibility criteria for CPA inclusion;
- (d) Input 4: allow identification of CERs from multi country PoAs;
- (e) Input 5: revise/clarify PoA rules, Validation and Verification Standard (VVS) and guidance to complete PoA-DD to allow one or several verifications per year per CPA or per group of CPAs by the same or different DOEs. Current requirements in paragraph 294 of VVS is being interpreted as being obligatory on the part of CME to present all CPAs included in the PoA during a monitoring period to the verifying DOE;
- (f) Input 6: modify modalities of communication (MOC) requirements to allow CPA participants to be created with MOC rights to reduce investor counterparty risks.

III. Analysis and recommendations

6. Input 1 and Input 5 are related to PoA standard and the VVS.

7. Issues raised under Input 1 and Input 4 are being addressed through dedicated CDM management plan for 2012 projects. A concept note was presented to the Board at its sixty-seventh meeting (EB 67 report, paragraph 94 and 95). The revised guidelines for demonstration of additionality of micro-scale project activities and the small scale project activities are being recommended to the Board for consideration at its sixty-eighth meeting.

8. An analysis of Input 5 suggests that there is a need to clarify the requirements specified in paragraphs 292(a) and paragraph 294 of the VVS (see appendix 1 for the extracts). To resolve the apparent misunderstanding, the Board may wish to clarify that:

- (a) VVS paragraph 292(a) should be understood as “Identify those CPAs that it shall consider for verification **from the group of CPAs presented by the CME for verification** in accordance with ...”;
- (b) VVS paragraph 294 should be understood as “A DOE shall request issuance of CERs for a PoA in accordance with the Project cycle procedure. The request shall relate to all CPAs included in the PoA during the specified monitoring period **that have been identified by the DOE as per paragraph 292 (a) above**. The monitoring...”.

9. The Board may wish to consider providing the above clarifications through the EB 68 report and tasking the secretariat to propose amendments to respective paragraphs of VVS, PCP and PS in a future revision to these documents.

10. The issues raised and proposals made by the stakeholders under Inputs 2, 3, 4 and 6, are forward looking and constructive however it needs a careful and a detailed analysis of implications. Therefore it is recommended that the Board tasks the secretariat to further work on these inputs as well as any other issues that have been identified by the secretariat related to PoA implementation and present a concept note for the consideration by the Board at its sixty-ninth meeting.



Appendix 1

Extracts of requirements in the current versions of VVS, project cycle procedure (PCP) and project standard (PS)

VVS paragraph 292: a DOE that has not performed validation/inclusion/renewal of crediting period activities for the PoA shall:

- (a) Identify those CPAs that it shall consider for verification in accordance with the method/procedure to be used for verification of the amount of reductions of anthropogenic emissions by sources or removals by sinks of greenhouse gases achieved by CPAs under the PoA and determined in the CDM-PoA-DD;
- (b) Take into account the possible existence of different versions of the PoA and the need to account for this in its sampling approach, to ensure that a statistically sound sample of CPAs from each version of the PoA are being verified;
- (c) Make all monitoring reports received from the coordinating/managing entity immediately publicly available in accordance with the PCP;
- (d) Systematically verify and certify the correct implementation and operation of the record-keeping system.

VVS paragraph 293: the DOE conducting the verification shall include in its verification report a description of how it applied the methods/procedures for the purpose of verification stipulated in the registered CDM-PoA-DD. The DOE shall include in its verification report a description/justification of the site visits undertaken.

VVS paragraph 294: a DOE shall request issuance of CERs for a PoA in accordance with the project cycle procedure. The request shall relate to all CPAs included in the PoA during the specified monitoring period. The monitoring periods shall be consecutive.

VVS paragraph 295: a DOE shall not request issuance of CERs for a PoA within 90 days of the previous request for issuance.

PCP paragraph 182: the DOE shall submit a request for issuance of CERs by using the “CDM project activity issuance request form” (F-CDM-ISS) or “CDM programme of activities issuance request form” (F-CDM-PoA-ISS), as **applicable**, only after it verifies that the monitored GHG emission reductions or removal enhancements meet the relevant requirements in the “Clean development mechanism project standard” and certifies the quantity of CERs claimed in the monitoring report, by following the relevant provisions of the “Clean development mechanism validation and verification standard” and other CDM requirements.

PCP paragraph 183: the DOE shall submit the required documents listed in the completeness checklist for requests for issuance. The DOE shall submit the required documents through a dedicated interface on the UNFCCC CDM website.

PCP paragraph 184: for a PoA, the request for issuance shall relate to all CPAs included in the PoA during the specified **monitoring** period and shall not be submitted within 90 days of the previous request for issuance. The monitoring periods shall be consecutive. A request for issuance shall relate to the CERs verified as per above.



PS paragraph 233: The **coordinating**/managing entity shall:

- (a) Maintain all monitoring reports of all CPAs in accordance with the record keeping system identified in the registered PoA-DD;
- (b) Make available all monitoring reports requested by a DOE for verification purposes.

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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