

The Role of Designated Operational Entities in the CDM

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Regulatory Background

The Role of Designated Operational Entities in the CDM

Article 12, Paragraph 5

Emission reduction resulting from each project activity shall be certificated by Operational Entities to be designated by the COP/MOP, on the basis

The Role of Designated Operational Entities in the CDM (2)

Annex to Decision 17/CP.7, Paragraph 20

The Executive Board shall:

- a) Accredite operational entities which meet the accreditation standards contained in a Appendix A below;
- b) Recommend the designation of operational entities to the COP/MOP;

The Role of Designated Operational Entities in the CDM (3)

Annex to Decision 17/CP.7, Paragraph 26

Designated operational entities shall be accountable to the COP/MOP through the EB and shall comply with the M&P in decision 17/CP.7, the present annex and relevant decision of the COP/MOP and the EB

The Role of Designated Operational Entities in the CDM (4)

Annex to Decision 17/CP.7, Paragraph 27

A designated operational entity shall:

a) Validate proposed CDM project activities;

or/(and*)

b) Verify and certify reductions in anthropogenic by sources of GHGs (**)

(*) upon request to the EB

(**) extended by decision 19/CP.9

The Role of Designated Operational Entities in the CDM (5)

Annex to Decision 17/CP.7, Paragraph 38

If the designated operational entity determines that the project activity intends to use a new baseline or monitoring methodology, it shall, prior to a submission for registration of this project, forward the proposed methodology, together with the draft PDD, including, to the EB for review

Results from a quick survey done
among DOE Forum members

Role in overall system implementation:

- Current system does not reflect spirit of Marrakech Accords;
- Institutional framework in the Accords allows for more integration, but this has not happened;
- Too much (and unnecessary) power vested in the Executive Board;
- Lack of trust in DOEs;
- Interaction – formal or informal – between EB and its panels needs to be improved. DOE interaction with EB and panels can be improved – particularly since EB + panels lack commercial awareness.
- Interaction with UNFCCC Secretariat excellent.

Based on responses from DOE Forum

In the business of validation & verification:

- Overall, functioning smoothly, and most OEs know what is involved (minor issues on verification to be sorted)
- EB has slowed down on sending projects for review;
- Submission of methodologies still a bottleneck: EB should now commission preparation of top-down methodologies for other project types rather than wait for meths to be submitted and then consolidate (*proactive*, not reactive);
- Mixed understanding of additionality, Additionality Tool.
- Public inputs: very disappointing;

Based on responses from DOE Forum

Areas/issues for reform:

SPECIFIC

- Methodologies to be expedited – DOEs to have larger role in quality of methodologies (removing ambiguities, interpreting applicability) coming out of Meth. Panel
- More thought on standards - and the standardization thereof - for Accreditation;
- So much waterproofing already: no need for different DOEs for validation & verification; perceived conflict of interest no longer an issue;

Based on responses from DOE Forum

Areas/issues for reform

OVERALL

- Need to better integrate DOEs into the system – DOEs to share regulatory responsibility, sovereign powers; be tasked with more responsibility and decision-making capabilities;
- Need corporate commitment of DOEs to assume such a responsibility;
- Use DOE system to share CDM burden, and establish clear accountability mechanisms as well;
- DOEs to provide collective inputs to EB on lessons learnt
- How to enhance the role of the DOE Forum?

Based on responses from DOE Forum + issues discussed to date

Questions/Discussion