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Item 5 of the provisional agenda
Issues relating to the clean development mechanism

**Annual report of the Executive Board of the clean development mechanism
to the Conference of the Parties serving as the meeting of the Parties
to the Kyoto Protocol**

Summary

This annual report of the Executive Board of the clean development mechanism (CDM) to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) covers activities from the end of November 2005 to 21 July 2006. Since the entry into force of the Kyoto Protocol, the implementation of the CDM has made notable progress. In the period covered by this report, 225 CDM project activities were registered (total registered 252), more than 10 million certified emission reductions (CERs) were issued, six operational entities began performing validation of projects and 16 such entities began undertaking verification and requesting issuance of CERs. Among the 62 approved methodologies for baselines and monitoring, nine are consolidated methodologies. Simplified methodologies for small-scale projects, including afforestation and reforestation projects, were further developed. Access to information through the UNFCCC CDM website, including for 6,400 subscribers to the CDM News facility, was further improved.

The report also highlights the areas of governance, management and resources, which are critical to ensuring the efficient, cost-effective and transparent functioning of the CDM. The Board has revised its CDM management plan and reiterates the urgent need for adequate and predictable resources to implement its activities.

The report recommends decisions to be taken by the COP/MOP at its second session, including guidance on matters arising and on the designation of operational entities. The work of the Board from 22 July to late October 2006 will be covered in an addendum to this report.

Mr. José Domingos Miguez, Chair of the Board, will highlight achievements and future challenges of the CDM in his presentation to the COP/MOP at its second session.

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I. Introduction

A. Mandate

1. In accordance with the modalities and procedures for a clean development mechanism (CDM)¹ the Executive Board of the CDM (hereinafter referred to as Executive Board or Board) shall report on its activities to each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP). In exercising its authority over the CDM, the COP/MOP shall review these annual reports, provide guidance and take decisions, as appropriate.

B. Scope of the report

2. This annual report of the Executive Board provides information to the COP/MOP on progress made towards the implementation of the CDM during its fifth year of operation (2005–2006) and recommends draft decisions for adoption by the COP/MOP at its second session. It refers to operational achievements leading to the registration of CDM project activities and the issuance of certified emission reductions (CERs), governance matters, measures taken and anticipated to strengthen the management of the CDM, resource requirements and actual resources available for the work on the CDM during that period. This report should be read in conjunction with the report on the workshop on carbon dioxide capture and storage as CDM project activities, held on 22 May 2006 in Bonn, Germany.

3. This report covers the period from 28 November 2005 to 21 July 2006 (hereinafter referred to as the reporting period). The period from 22 July 2006 until COP/MOP 2 will be covered in an addendum. The challenges and achievements during the fifth year of operation of the CDM, as well as those lying ahead, will be highlighted by the Chair of the Board, Mr. José Domingos Miguez, in his oral presentation to the COP/MOP.

4. This annual report summarizes the work on the CDM and matters agreed by the Board during the reporting period. Full details on operations and functions are available on the UNFCCC CDM website.² This report therefore needs to be read in conjunction with the UNFCCC CDM website, which is the central repository for reports of meetings of the CDM Executive Board and documentation on all matters agreed by the Board.

C. Action to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

5. In exercising its authority over, and in providing guidance to, the CDM in accordance with paragraphs 2 and 3 of the CDM modalities and procedures, the COP/MOP, at its second session, taking note of the annual report of the CDM Executive Board, may wish to decide, inter alia, on the following:

- (a) Provide guidance on the matters arising
- (b) Designate operational entities which have been accredited, and provisionally designated, by the Executive Board (see section II.A below).

¹ Decision 3/CMP.1, annex, hereinafter referred to as the CDM modalities and procedures; see paragraphs 2–5.

² <http://cdm.unfccc.int>.

6. The COP/MOP, at its second session, may wish to also consider issues relating to privileges and immunities of members and alternate members of the CDM Executive Board (see the annotations to the provisional agenda of COP/MOP 2, FCCC/KP/CMP/2006/1).

7. The COP/MOP may also wish to consider the outcome of work by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its twenty-fifth session regarding the development of a recommendation relating to implications of the implementation of CDM project activities for the achievement of objectives of other environmental conventions and protocols, in particular the Montreal Protocol on Substances that Deplete the Ozone Layer, and which imply the establishment of new hydrochlorofluorocarbon-22 facilities which seek to obtain CERs.

8. On some issues the Board is still working and will make its recommendations, and/or report on progress, in an addendum to this report, including on issues such as carbon dioxide capture and storage, additionality and regional distribution.

9. The COP/MOP shall, at its second session, elect the following to the Executive Board for a term of two years upon nominations being received by Parties:³

- (a) One member and one alternate member from the African regional group
- (b) One member and one alternate member from the Asian regional group
- (c) One member and one alternate member from the Latin America and Caribbean regional group
- (d) One member and one alternate member from the Western Europe and Other regional group
- (e) One member and one alternate member from Parties included in Annex I to the Convention (Annex I Parties).

II. Work undertaken since the first Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

A. Summary and challenges of the work undertaken

10. The CDM has attracted considerable interest since COP/MOP 1. The most noted milestone is the upswing in registrations of CDM project activities: the number of registered CDM project activities has risen from 37 to 252 over the eight-month reporting period. A similar positive trend has been recorded in the issuance of CERs, which in the period reached a total of 10,235,616 CERs for 27 projects from approximately 58,000 CERs for three activities. At the end of the reporting period, the CDM was anticipated to deliver more than 1 billion CERs by the end of the commitment period. The current list of registered activities⁴ and CERs issued⁵ is available on the UNFCCC CDM website.

11. In the area of methodological work, 13 additional methodologies were approved, which include two additional afforestation/reforestation (A/R) methodologies and the first large-scale transport methodology. In addition, one consolidated methodology was approved increasing their number to nine.

³ Parties refers to Parties to the Kyoto Protocol, unless otherwise specified. The election is provided for in paragraphs 7–9 of the CDM modalities and procedures and rules 3 and 4.1 (b) of the rules of procedure of the Executive Board.

⁴ <<http://cdm.unfccc.int/Projects/registered.html>>.

⁵ <<http://cdm.unfccc.int/Issuance>>.

The number of approved baseline and monitoring methodologies increased considerably, with 62 such methodologies now available in a wide range of sectors for both large and small-scale project activities.

12. Major achievements since COP/MOP 1 can be summarized as follows:

- (a) An acceleration in requests for registration, by about 10 times, was dealt with by the Board because its executive role was enhanced by the establishment of a registration and issuance team (RIT) and the preparation of decision sheets by the secretariat
- (b) The consideration of proposed baseline and monitoring methodologies was accelerated wherever possible and the work on their consolidation and the broadening of their applicability was continued as requested by the COP/MOP at its first session
- (c) The time frame for the submission and consideration of a new methodology (including A/R methodologies) was extended to allow project participants more time to provide technical clarifications. Similarly, the grace period for the use of a revised approved methodology was extended
- (d) 29 clarifications (14) and revisions (15) to methodologies were provided in response to requests by project participants and/or findings of the Methodologies Panel (Meth Panel)
- (e) Procedures for requesting a deviation from an approved methodology were established with a view to facilitating the registration of project activities
- (f) Procedures for post registration changes to the start date of the crediting period were adopted. These procedures facilitate the flexible implementation of CDM project activities for which the start date of the crediting period is after the date of registration
- (g) A revised registration fee has been applied since March 2006 and operationalized
- (h) Since January 2006, a version of the CDM registry which can be linked with the international transaction log (ITL) once the ITL is operational and instructions for opening and forwarding CERs have been available to project participants.

13. The Board also made progress on work relating to carbon dioxide capture and storage, project activities under a programme of activities, cataloguing decisions, additionality, and regional distribution and will report to the COP/MOP in an addendum to this report. (More detail is provided in the relevant parts of this report.) The addendum will also provide information on the revised version of the CDM management plan (CDM-MAP), which is to cover activities to be implemented during 2007 and planned for 2008.

14. These achievements were, however, still only possible due to a high level of time and effort put in by members of the Board and its panels and working groups, and by the secretariat. The identification of new staff as foreseen in the CDM-MAP takes particularly long given the special effort made by the secretariat to ensure the highest quality of staff, while following Parties' guidance to the secretariat on improving geographical and gender balance in the secretariat. The number of staff increased and is expected to reach the level specified in the current CDM-MAP by the end of 2006. However, this situation resulted, in particular, in delays in some items in the CDM-MAP, including provision by the secretariat of enhanced support in respect of decision-making by the Board and its panels and working groups.

B. Accreditation process for operational entities

15. Key achievements of the Board in the area of accreditation include a significant increase in the number of designated operational entities (DOEs) both for validation and verification functions, as well as further improvements in the accreditation process through a number of measures. The Board accredited and provisionally designated five additional operational entities for validation and three additional entities for verification functions. The Board is hence recommending that the COP/MOP, at its second session, designate the entities listed in table 1 below, which would bring the total number of accredited entities for validation functions to 16 and for verification/certification functions to six. It should be noted that these include two entities from Parties not included in Annex I to the Convention (non-Annex I Parties), Republic of Korea and South Africa.

Table 1. Entities accredited and provisionally designated by the Board and recommended for designation by the COP/MOP for validation (VAL) or verification/certification (VER)

Name of entity	Provisionally designated and recommended for designation for sectoral scopes	
	VAL	VER
British Standards Institution (BSI)	1, 2, 3	
Bureau Veritas Quality International Holding SA (BVQI)		1, 2, 3
Det Norske Veritas Certification Ltd.	8, 9	8, 9
Korean Foundation for Quality (KFQ)	1, 2, 3	
PricewaterhouseCoopers – South Africa (PwC)	1, 2, 3	
Spanish Association for Standardisation and Certification (AENOR)		1, 2, 3
Tohmatsu evaluation and Certification Organization, Co. Ltd. (TECO)	1, 2, 3	
TÜV Industrie Service GmbH (TÜV SUD)	14	4, 5, 6, 7, 10, 11, 12, 13, 15
TÜV Industrie Service GmbH, TÜV Rheinland Group (TÜV Rheinland)	13	
TUV Nord Certification GmbH	4, 5, 6, 7, 10, 11, 12, 13	1, 2, 3

Note: The numbers 1 to 15 indicate sectoral scopes as determined by the Board. For details, refer to <<http://cdm.unfccc.int/DOE/scopelst.pdf>>.

16. Since COP/MOP 1, three new applications have been received, which brings the total number of applications for accreditation to 35. The total number of cases under consideration is 32 as three companies withdrew their applications.

17. The Board allows for phased accreditation of DOEs for sector-specific validation and verification/certification, thus reducing the overall costs of accreditation and allowing smaller specialized entities to focus on their particular area of expertise.⁶ It should be noted that in this regard the sectoral scope was extended for four DOEs for sector-specific validation functions and for three DOEs for verification functions. It may be noted that now, in comparison to the previous reporting period, at least

⁶ In order to facilitate applications, an operational entity can be accredited initially either for validation or for verification/certification. In each instance, accreditation occurs on a sector-by-sector basis, hence the term “sector-specific”. Details on the sectoral scopes are available on the UNFCCC CDM website at <<http://cdm.unfccc.int/DOE/>>.

one accredited entity exists for each sectoral scope and that more than two DOEs exist for each scope, except for three sectors (table 2).

Table 2. Number of designated operational entities per sectoral scope

Sectoral scope	Number of designated operational entities per sectoral scope	
	Validation	Verification/Certification
1. Energy industries	16	6
2. Energy distribution	15	6
3. Energy demand	14	6
4. Manufacturing industries	5	3
5. Chemical industry	5	3
6. Construction	5	3
7. Transport	5	3
8. Mining/mineral production	1	1
9. Metal production	1	1
10. Fugitive emissions from fuels (solid, oil and gas)	5	3
11. Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride	5	3
12. Solvents use	5	3
13. Waste handling and disposal	7	3
14. Afforestation and reforestation	1	
15. Agriculture	3	3

18. It may be noted that out of a total of 21 entities that have received an indicative letter, four have not yet managed to identify any witnessing opportunities.

19. The geographical distribution of the 32 applicant entities (AEs) is reflected in table 3. The table also indicates the number of applications received from non-Annex I Parties. It may be noted that the number of applications from non-Annex I Parties is gradually increasing. Of the last 10 applications, six were from companies in developing countries. All applications, and the stage of consideration reached, can be seen on the UNFCCC CDM website.

Table 3. Geographical distribution of the applicant entities

Region	Total number of applications	Number of applications from non-Annex I Parties
Western Europe and Other region	15	n/a
Asia and the Pacific region	14	4
Latin America and the Caribbean region	2	2
Africa region	1	1

Note: n/a means not applicable.

20. In order to facilitate the submission of applications for accreditation and the work of assessment teams, the CDM accreditation panel (CDM-AP) maintains a list of clarifications and guidance provided by the panel and the Board. The Board also considered a draft revised accreditation procedure, recommended by the CDM-AP, to incorporate all the relevant decisions and clarifications, to further

streamline the procedure by taking into consideration the experience with the accreditation process over the past three-year period as well as public inputs and, in particular, inputs received from the AEs/DOEs and CDM accreditation team (CDM-AT) members. The Board is expected to adopt the revised procedure before COP/MOP 2.

21. The AE/DOE forum, with the assistance of the secretariat, held two meetings in the reporting period, on 26 November 2005 in Montreal, Canada, and on 11 May 2006 in Cologne, Germany. The secretariat maintains an electronic mailing list to facilitate communication among DOEs and AEs. The Board, at its twenty-third, twenty-fourth and twenty-fifth meetings, invited the Chair of the forum to provide a brief report on the forum's meetings and present inputs by AEs/DOEs to the Board and its panels. The Board noted with appreciation that the forum has developed a code of conduct for DOEs which commits them to conduct their business in a fair and ethical manner. The Board took note of other issues and concerns identified by the forum as reflected in the Board's meeting reports and encouraged continuous inputs to, and exchanges with, the Board and its panels, so that common understanding and consistent approaches could be achieved.

22. The Board further conveyed its appreciation to the AEs and DOEs for engaging in the CDM process and for showing their commitment to ensuring the environmental credibility and operational flexibility of the CDM. At the same time, efforts to strengthen mutual understanding on the respective roles of the DOEs and the Board need to continue so that the DOEs can fully assume their critical role and allow the CDM to function as expected.

23. Being aware of the need to facilitate applications from companies from developing countries, and for further capacity-building efforts relating to accreditation, as referred to in paragraph 1 (h) of decision 4/CMP.1, the Board continued its efforts to promote involvement of developing country companies. Opportunities to present the CDM accreditation scheme to professional audiences were seized by members of the CDM-AP and secretariat staff who participated in relevant international meetings. Awareness about opportunities in this area of work has increased. This can be seen, inter alia, in the number of AEs from developing countries, now amounting to close to a quarter of the total.

24. In carrying out its accreditation functions, the Board was supported by the CDM-AP, which met three times during the reporting period. The Board agreed to appoint Mr. Hernan Carlino as the Chair of the panel, after the stepping down of Mr. John S. Kilani as the Chair. The Board also appointed Ms. Anastasia Moskalenko, as the Vice-Chair, after the expiry of the term of Ms. Marina Shvangiradze as a Board member. The panel was increased by one member who is to provide expertise on methodologies for baselines and monitoring.

25. In accordance with the terms of reference of the CDM-AP and the system of staggering of membership terms as introduced by the Board, in order to ensure continuity in the work of the panel, two members of the panel were replaced and the term of Mr. Takashi Ohtsubo was extended in June 2006. The current panel consists of Mr. Carlino (Chair), Ms. Moskalenko (Vice-Chair), Mr. George Anastasopoulos, Mr. Kilani, Ms. Irueste Mercedes, Mr. Takashi Ohtsubo, Mr. Satish Rao, Ms. Shvangiradze and Mr. Massamba Thiolye as the expert on methodologies and baselines. The Board thanked Mr. Arve Thendrup and Ms. Maureen Mustasa for their excellent work and dedication to the panel from its inception in 2002.

26. The Board expressed its appreciation for the excellent advice and professional support it received from the members of the CDM-AP and its Chair and Vice-Chair, and from the secretariat. Their professional commitment allowed the efficient implementation of the accreditation procedures and the handling of a large and complex body of applications. The Board urged the CDM-AP to continue, with the support of the secretariat, its efforts to increase the number of applications by experts, especially from developing countries, for inclusion in the roster of experts for CDM-ATs. It noted that efforts to

alert the professional community around the world were bearing fruit, as can be seen from the marked increase in applications from developing country entities.

27. The Board also expressed its gratitude to members of the CDM-ATs undertaking operational tasks in the field on its behalf.

28. The Board noted that no public comments were received on any matter relating to accreditation during the reporting period.

C. Methodologies for baselines and monitoring plans

Work on methodologies

29. Since the Board launched its invitation to project proponents in March 2003 to submit baseline and monitoring methodologies for its consideration, there have been 16 rounds of submissions, the latest one concluding on 5 July 2006. The methodologies proposed in each round can be found on the UNFCCC CDM website together with the history of their consideration.⁷

30. Of the total 218 proposals, 45 are new proposals submitted through DOEs or AEs in the reporting period. In addition, nine cases were resubmitted by project participants after consideration by the Board (so called "B" cases). Of the 218, 183 proposals were considered to be complete and were forwarded for consideration to the Executive Board, and 35 proposals were returned because the pre-assessment by a member of the Meth Panel or by a DOE found them to be insufficiently elaborated for further consideration.⁸ Since the Board introduced in January 2006 the possibility for DOEs to undertake such pre-assessments of proposed new methodologies, DOEs have assumed that responsibility in only nine cases.

31. Seven new methodologies and one consolidated methodology were approved during the reporting period. Sixteen previously approved methodologies were revised. This brings the total of approved methodologies to 30 and approved consolidated methodologies to nine. These consolidated methodologies incorporated four approved methodologies which were withdrawn from the list of approved methodologies.⁹ Therefore, an increasing spectrum of approved and consolidated methodologies is available for use by project proponents to develop CDM project activities in a wide range of sectors.¹⁰ The list of approved methodologies, as contained in annex 1 of this report, shows when they were approved, placed on hold and/or revised by the Board.

32. The number of approved methodologies per sector (15 scopes) which can be used by project developers are presented in table 4. It should be noted that a methodology can be relevant to more than one sector.

33. During the reporting period, 12 proposals were found not to address fundamental requirements. Had the Board undertaken further work to improve these proposed methodologies, it would have incurred considerable costs on the recruitment of experts and would have diverted time from the already stretched resources of the Meth Panel. This would have resulted in delays in the consideration of cases which were of better quality. Since the Board started to consider methodologies for baselines and monitoring in April 2003, approval has been denied to 68 cases of the 183 cases received by the Board for consideration.

⁷ See < <http://cdm.unfccc.int/methodologies/PAmethodologies/publicview.html> > and <<http://cdm.unfccc.int/methodologies/PAmethodologies/approved.html>>.

⁸ See paragraph 7 of the "Procedures for submission and consideration for a proposed new baseline and monitoring methodology" <<http://cdm.unfccc.int/Reference/Procedures>>.

⁹ These withdrawn methodologies are AM0004, AM0005 AM0008 and AM0015.

¹⁰ Approved methodologies are posted on the UNFCCC CDM website at <<http://cdm.unfccc.int/methodologies>>.

Table 4. Number of approved methodologies (AM, AMS, AR-AM, AR-AMS and ACM) by sector

Scope	Sector	Number of approved methodologies
1	Energy industries (renewable/non-renewable sources)	19
2	Energy distribution	1
3	Energy demand	6
4	Manufacturing industries	9
5	Chemical industries	4
6	Construction	0
7	Transport	2
8	Mining/mineral production	1
9	Metal production	1
10	Fugitive emissions from fuels (solid, oil and gas)	4
11	Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride	1
12	Solvent use	0
13	Waste handling and disposal	17
14	Afforestation and reforestation	4
15	Agriculture	5

AM – approved methodology, AMS – approved small scale methodology, AR-AM – approved A/R methodology, AR-AMS – approved small scale A/R methodology and ACM – approved consolidated methodology.

34. To facilitate the application of methodologies and provide for the possibility to broaden application/optimize approved methodologies, the Board maintains an opportunity for project participants and DOEs to request clarifications and/or propose revisions to approved methodologies. The Meth Panel has:

- (a) Provided answers to 12 requests for clarifications from DOEs on applications of specific approved methodologies since the end of the last reporting period;¹¹
- (b) Considered 18 requests for revisions from DOEs of specific approved methodologies, which expand the applicability of some of the approved methodologies, since the end of the last reporting period.¹²

¹¹ See <<http://cdm.unfccc.int/methodologies/PAMethodologies/Clarifications>>.

¹² See <<http://cdm.unfccc.int/methodologies/PAMethodologies/Revisions>>.

35. As at 21 July 2006, 50 methodology cases were at different stages of consideration:¹³
- (a) 30 recently submitted cases were positively pre-assessed and have received public comments
 - (b) Six cases may be revised, resubmitted within a maximum five-month period and directly reconsidered by the Meth Panel without undergoing additional desk reviews
 - (c) Eight cases received a preliminary recommendation by the Meth Panel and, in cases where project participants have provided clarifications, these will be considered at the next meeting of the Meth Panel
 - (d) Four cases will be considered at the next meeting of the Meth Panel as further technical expertise is needed
 - (e) Two cases concerning carbon dioxide capture and storage have been qualitatively considered.

36. In support of these methodological cases, a total of 330 desk reviews to prepare the final version of the approved methodologies were commissioned and administered and a further eight specialized studies (background and research papers) in support of the assessment of methodologies were commissioned, during the reporting period, and considered by the Meth Panel.

Guidance to project developers

37. In addition to considering proposed methodologies and elaborating consolidated methodologies, wherever possible the Board, supported by the Meth Panel and the secretariat, further intensified its work on methodologies as requested by the COP/MOP. Specifically, it provided further guidance for the development of methodologies which have a broader applicability and it facilitated the preparation of new proposals by project participants.

38. The Board has provided general guidance on:¹⁴
- (a) Estimating baseline methane emissions for projects avoiding emission from biogenic waste;
 - (b) Thresholds in terms of power density (W/m^2) to be used to determine the eligibility of hydroelectric power plants in using existing methodologies;
 - (c) Monitoring requirements and calibration.

Work in progress on additionality, methodologies for carbon dioxide capture and storage and project activities under a programme of activities

39. As requested by the COP/MOP at its first session, the Board launched a call for inputs on new proposals to demonstrate additionality, including options to combine the selection of the baseline scenario and the demonstration of additionality and proposals to improve the “tool for the demonstration and assessment of additionality”. The Board considered the submissions received and requested a series of expert analyses to establish ways to improve the “tool for the demonstration and assessment of additionality” (additionality tool) and merge it with the draft baseline selection tool. The Board thereby

¹³ See status and history of each proposed and approved methodology on the UNFCCC CDM website <<http://cdm.unfccc.int/methodologies>>.

¹⁴ See <<http://cdm.unfccc.int/Reference/Guidclarif>>.

also decided to analyse the experience and lessons learned so far from project registration. This work will be reflected in the addendum to this report.

40. In view of the request by the COP/MOP, at its first session, to consider proposals for new methodologies for carbon dioxide capture and storage as CDM project activities with a view to making recommendations to the COP/MOP, at its second session, on methodological issues, in particular with regard to project boundary, leakage and permanence, the Board considered the qualitative assessments and report prepared by the Meth Panel on the proposed new methodologies submitted on carbon capture and storage project activities. The Board also considered the report of the Small-Scale Working Group (SSC WG) on the qualitative assessment of a carbon dioxide capture and ocean storage submission for small-scale project activities and requested an expert to review the proposal. The Board appreciated the efforts of the SSC WG and the Meth Panel and requested the Meth Panel to revise its recommendation for consideration of the Board at its twenty-sixth meeting based on guidance the Board provided.

41. The Board considered the table of issues for defining the term “CDM project activities under a programme of activities” prepared by the Meth Panel. The Board requested the Meth Panel to prepare options and implications of the questions it raised in the table of issues and in particular to prepare a list of options for definitions (i.e. bundle and a programme), boundary, monitoring, additionality, crediting period (i.e. staggered) and approaches to address a large project bundle and guidance for bundling. The Board also requested the Meth Panel to take into account the public comments received in preparing its recommendation to the Board for consideration at the twenty-sixth meeting of the Board.

Enhancement of the methodologies process

42. Facilitating measures aimed at improving the quality of products and easing the workflow included the following:

- (a) Revision of the procedures for requests for deviation to the Executive Board;¹⁵
- (b) Revision of the procedures for submission and consideration of proposed new methodologies, in order to extend the time frame for project participants to provide technical clarifications to the preliminary recommendation of the Meth Panel from 10 working days to four weeks;¹⁶
- (c) The grace period for submitting a request for registration using the old version of the methodology, after revision of an approved methodology was extended from four weeks to eight weeks. The Board also agreed that these revisions apply, mutatis mutandis, to approved A/R methodologies and to small-scale methodologies;
- (d) The forms for the submission of new methodologies (CDM proposed new methodology (CDM-NM)) and for the CDM project design document (CDM-PDD), and the guidelines for completing these forms, were revised to streamline them to facilitate the methodology approval process and further elaborated to include additional technical and nomenclature information to be used in guiding the submissions of a new methodology.¹⁷

¹⁵ See <<http://cdm.unfccc.int/Reference/Procedures>>.

¹⁶ See <<http://cdm.unfccc.int/Reference/Procedures>>.

¹⁷ The current version of CDM-NM guideline is part of the “Guidelines for completing the project design document (CDM-PDD). The forms and their guidelines are posted on the UNFCCC CDM website <<http://cdm.unfccc.int/Reference/Documents>>.

Support structure

43. The Board drew on the recommendations from three meetings of its Meth Panel since COP/MOP 1 which, apart from its own expertise, take into account the results of desk reviews by experts (two for each methodology) and public input. To ensure utmost transparency and the broadest possible engagement of experts and the public, each newly submitted methodology is made available on the UNFCCC CDM website for public comment.

44. At its twenty-third meeting, the Board nominated Mr. Rajesh Kumar Sethi as Chair of the Methodologies Panel and Mr. Jean Jacques Becker as Vice-Chair. It expressed its appreciation for the excellent quality of technical advice which it continues to receive from the panel members, its Chair and Vice-Chair. It equally acknowledged the valuable inputs provided by experts, for example the desk reviewers and the public, as well as the process management and coordination by the secretariat.

45. In accordance with the revised terms of reference of the Meth Panel, with the experience required for membership adjusted from five to three years, two calls for experts were undertaken during the reporting period in order to ensure that outgoing members were replaced with the best candidates. The second call also aimed to further encourage experts from non-Annex I Parties to apply. The Board confirmed membership and designated for a term of two years the following members as of July 2006: Mr. Amr Abdel-Aziz, Mr. Felix Dayo, Mr. Christophe de Gouvello, Mr. Michael Richard Lazarus, Mr. Jan-Willem Martens, Mr. Vijay Kumar Mediratta, Mr. Daniel Perczyk, Mr. Braulio Pikman, Mr. Ashok Sarkar, Mr. Roberto Schaeffer, Mr. Lambert Richard Schneider, Mr. Christoph Sutter, Mr. Massamba Thioye and Mr. Kenichiro Yamaguchi. The Board expressed its appreciation to the outgoing members of the Meth Panel for their excellent work and dedication.¹⁸

46. The work on CDM methodologies was in the past hampered by a lack of resources within the secretariat. The CDM-MAP allowed for the recruitment of additional staff for the Meth Team at the secretariat, which has been progressing steadily, with approximately two thirds of the posts filled over the past 6 months. However, efforts to provide further opportunities to enhance regional distribution of staff, following Parties' guidance to the secretariat in this regard, and the time required for staff to become fully operational are reasons for the team still working under difficult circumstances and not being able to fulfil all of the services as described in the CDM-MAP.

D. Afforestation and reforestation project activities

Work on methodologies

47. Since the Board launched its invitation to project proponents in November 2004 to submit proposed new methodologies for A/R project activities, there have been 10 rounds of submission, the latest one concluding on 6 June 2006. A total of 29 proposals have been submitted through accredited or applicant entities, of which one did not pass the pre-assessment and 28 were seen as formally complete and have been submitted to the Board for consideration.

48. During the reporting period, a total of 13 proposals were submitted through DOEs or AEs. Of these, 13 were considered to be complete and were forwarded to the Executive Board for consideration.¹⁹ In addition, three cases were resubmitted by project participants after consideration by the Board (so called "B" cases).

¹⁸ For more information on the Meth Panel see <<http://cdm.unfccc.int/Panels/meth>>.

¹⁹ See paragraph 5 of the "Procedures for submission and consideration for a proposed new baseline and monitoring methodology for afforestation and reforestation under the CDM" <<http://cdm.unfccc.int/Reference/Procedures>>.

49. Two new methodologies were approved during the reporting period. Annex 1 contains the list of A/R methodologies approved by the Board.

50. Since the Board started to consider baseline and monitoring methodologies for A/R in November 2004, approval has been denied to 14 cases of a total of 29 cases. During the reporting period, five proposals were found not to address fundamental requirements. Had the Board undertaken further work to improve these proposed methodologies, it would have incurred considerable costs on the recruitment of experts and would have diverted time from the scarce resources of the A/R WG. This would have resulted in delays in the consideration of cases which were of better quality.

51. The Board noted that it has not received any submissions or requests for clarification since adoption by the COP/MOP, at its first session, of the modalities and procedures and simplified baseline and monitoring methodologies for selected small-scale A/R project activities under the CDM.

52. As at 21 July 2006, 11 A/R methodology cases were at different stages of consideration:²⁰

- (a) Five recently submitted cases were positively pre-assessed and have received public comments;
- (b) One case may be revised, resubmitted within a maximum five-month period and directly reconsidered by the A/R WG without undergoing additional desk reviews;
- (c) Five cases received a preliminary recommendation by the A/R WG and, where project participants have provided clarifications, these will be considered at the next meeting of the A/R WG;
- (d) Three cases will be considered at the next meeting of the A/R WG as further technical expertise is needed.

53. The Board continued to institute a number of measures to help streamline the A/R methodologies process. The Board agreed to apply, *mutatis mutandis*, the procedures for clarifications of non-A/R methodologies to approved A/R methodologies.

54. In addition to considering methodologies, the Board, supported by the A/R WG and the secretariat, approved general guidance on:

- (a) Afforestation/reforestation in the baseline scenario;
- (b) National and/or sectoral policies and circumstances particular to A/R project activities;
- (c) The definition of renewable biomass;
- (d) Guidance on avoidance of double counting of emissions from A/R and non-A/R project activities.

Work on procedures

55. In order to facilitate the submission and consideration of proposed new methodologies for A/R project activities under the CDM, the Board agreed, *inter alia*, on the following:

- (a) Revisions to the project design document for A/R project activities (CDM-AR-PDD) as well as changes to its guidelines, and to the proposed new A/R baseline and monitoring methodology (CDM-AR-NM) form;²¹

²⁰ See status and history of each proposed and approved methodology on the UNFCCC CDM website <<http://cdm.unfccc.int/ARmethodologies>>.

²¹ See <<http://cdm.unfccc.int/Reference/Documents>>.

- (b) Development of the forms for the CDM small-scale afforestation and reforestation CDM project design document (CDM-AR-SSC-PDD) and the guidelines for completing the CDM-AR-SSC-PDD.²²

Support structure

56. Since COP/MOP 1, the Board has drawn on recommendations of three meetings of the A/R WG which, apart from its own expertise, take into account the results of desk reviews by experts (two for each methodology) and public input. In order to ensure utmost transparency and the broadest possible engagement of experts and the public, each newly submitted methodology is made available on the UNFCCC CDM website for public comment.

57. At its twenty-third meeting, the Board nominated Mr. Philip Gwage to assume the function of Chair of the A/R WG and it expressed its appreciation for the excellent quality of technical advice which it received from its previous Chair, Mr. Martin Enderlin, and Vice Chair, Mr. José Domingos Miguez. The Board, at its twenty-fifth meeting, nominated Mr. Akihiro Kuroki as Vice-Chair and expressed its appreciation to the outgoing alternate member Mr. Masaharu Fujitomi, who had resigned from the Board, for his excellent advice and dedication to the work.

58. A new call for experts was made and the Board confirmed and designated the following working group members for a term of one year as of June 2006: Mr. Hilton Thadeu Zarate Couto, Mr. Nagmeldin G. Elhassan, Mr. Sergio Jauregui, Mr. Shailendra Kumar Singh, Mr. Craig Trotter and Mr. Frank Werner. Mr. Lambert Schneider was delegated by the Methodologies Panel as its representative in the A/R WG.²³ The Board expressed its appreciation to the outgoing members of the A/R WG for their excellent work and dedication. It equally acknowledged the valuable inputs provided by experts (desk reviewers) and the public as well as the assistance by the secretariat.

E. Simplified modalities and procedures for small-scale clean development mechanism project activities

59. At its twenty-third meeting, the Board re-nominated Ms. Gertraud Wollansky to continue as the Chair of the SSC WG and Mr. Richard Muyungi as Vice Chair. It expressed its deep appreciation for the excellent quality of technical advice which it has received from members of the SSC WG and from its Chair and Vice Chair. It equally acknowledged the valuable inputs provided by experts and the public as well as the assistance by the secretariat.

60. During the reporting period, the membership of the SSC WG remained as per the previous term: Ms. Wollansky (Chair), Mr. Muyungi (Vice-Chair), Mr. Gilberto Bandeira De Melo, Mr. Felix Babatunde Dayo (also member of the Meth Panel), Mr. Binu Parthan, Mr. Daniel Perczyk (also member of the Meth Panel) and Mr. Kazuhito Yamada.

61. The SSC WG met three times during the reporting period.²⁴ The Board, based on recommendations by the group, agreed on the following:

- (a) Amendments to the “Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories” contained in appendix B of the simplified modalities and procedures for small-scale CDM project activities;²⁵

²² See <<http://cdm.unfccc.int/Reference/Documents>>.

²³ For more information on this working group see <<http://cdm.unfccc.int/Panels/ar>>.

²⁴ See <http://cdm.unfccc.int/Panels/ssc_wg>.

²⁵ Appendix B is contained in decision 6/CMP.1. The full list of approved methodologies for small-scale CDM project activities is posted on the UNFCCC CDM website <<http://cdm.unfccc.int/methodologies/SSCmethodologies/approved.html>>.

- (b) Additional guidelines for monitoring, leakage in project activities using renewable biomass, output capacity of renewable energy equipment under the 'General Guidance section' of the indicative methodologies of small-scale CDM project activities;
- (c) The guidelines for completing the simplified project design document (CDM-SSC-PDD) were revised to include additional definitions of terms and detailed guidelines on bundling of project activities;²⁶
- (d) Principles of bundling of project activities including the form F-CDM-SSC-BUNDLE.²⁷

62. In response to the request by the COP/MOP, at its first session, to develop, as a priority, a simplified methodology "for calculating emission reductions for small-scale project activities that propose the switch from non-renewable biomass to renewable biomass", the Board considered recommendations of two draft categories by the SSC WG of the Board. These recommendations, which take into account the provision in paragraph 7 of decision 17/CP.7 that only afforestation and reforestation projects can be registered as project activities with emission reductions arising out of carbon stock changes under the CDM, proposed to take as the baseline the fossil fuels commonly used by local consumers for meeting similar thermal energy needs. The recommendations also included provisions on leakage. However, the Board could not agree to approve these recommendations. The discussions in the Board showed a divergence of opinions, stressing on the one hand the social and health benefits of such projects and concerns with establishing realistic baselines and on the other hand possible leakage effects and incentives for further deforestation, that could not be overcome by further revision of the proposed recommendations.

63. The Executive Board noted that unlike type I and type II, the type III²⁸ small scale CDM project activities may achieve significant emission reductions without exceeding the qualifying limits, i.e. project activity direct emissions of 15,000 tonnes of CO₂ equivalent, and therefore commenced the work on developing new type III categories including procedures for more precise estimations of emission reductions and more detailed monitoring. As an interim solution, the Board agreed to introduce an applicability condition in the existing type III categories that caps the annual emission reductions of the project activities applying those categories to 25,000 tonnes of CO₂ equivalent. The Board noted the recommendation by the SSC WG that the limit on all type III project activities be based on the emission reductions, as the project direct emissions in many cases do not relate to the size of the project activity and are therefore not best suited for defining a limit for small scale project activities. The Board requested the SSC WG to continue its work in this regard and provide an analysis as the basis for recommending revisions to definitions of all the three types, taking into account the projected annual emission reductions of project activities that have the highest projected annual emission reductions among all currently registered type I project activities.

64. Since 30 September 2005, the Board has received 62 requests for clarification/revision of approved small-scale methodologies, which were proposals for new categories and/or amendments or revisions to approved small-scale methodologies.²⁹ Of these requests, 21 were received within the reporting period. The Board has continued to review appendix B of the simplified modalities and procedures for small-scale clean development mechanism project activities. The Board added to the 15 already approved small-scale methodologies an additional four categories and revised 12 approved categories during the reporting period as listed in table 5.

²⁶ See <<http://cdm.unfccc.int/Reference/Documents>>.

²⁷ See <<http://cdm.unfccc.int/Reference/Guidclarif>>.

²⁸ The types are defined in the simplified modalities and procedures for SSC activities (decision 4/CMP.1, Annex II).

²⁹ See <<http://cdm.unfccc.int/methodologies/SSCmethodologies/Clarifications>>.

Table 5. New and revised SSC categories during the reporting period

AMS-III.G. Landfill methane recovery	Approved at EB 23
AMS-III.F. Avoidance of methane production from biomass decay through composting	Approved at EB 23
AMS-III.H. Methane recovery in wastewater treatment	Approved at EB 23
AMS-III.I. Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems	Approved at EB 23
AMS-I.A. Electricity generation by the user	Revised at EB 23
AMS-I.B. Mechanical energy for the user	Revised at EB 23
AMS-I.C. Thermal energy for the user	Revised at EB 23
AMS-III.D. Methane recovery in agricultural and agro-industrial activities	Revised at EB 25
AMS-I.D. Grid-connected renewable electricity generation	Revised at EB 25
AMS-III.C. Emission reductions by low-greenhouse-gas-emitting vehicles	Revised at EB 25
AMS-III.B. Switching fossil fuels	Revised at EB 25

F. Matters relating to the registration of clean development mechanism project activities

Work relating to requests for registration of project activities

65. As at 21 July 2006, the Board had received 316 requests for registration. The eight-week period (four weeks for small-scale projects) within which a Party involved or three Board members may request a review has ended for 288 of these requests. A total of 252 CDM project activities have been registered,³⁰ representing an almost tenfold increase since the report of the Executive Board to the COP/MOP at its first session.

66. In 239 of the 288 cases for which the period for requesting a review has ended, registration took effect automatically. This means that fast-track registration occurred in 83 per cent of the cases. Of the 252 registered projects, 101 (40 per cent) are of small scale.

67. Some 98.5 per cent of the requests for registration ended with a registration of the proposed activity. In addition to those that were automatically registered:

- (a) Six cases were registered after the Board had conducted a review to ensure that guidance and rules were implemented appropriately;
- (b) Four were registered following corrections being made without the need for a review;
- (c) Six were registered as requested following consideration of a request for review and additional submissions from the project participant (PP) and/or DOE.

68. Only four cases were rejected and for two cases the Board could not proceed with its consideration because they were withdrawn by the PP.

³⁰ A full list of registered CDM project activities is available at <<http://cdm.unfccc.int/Projects/registered.html>>.

69. In addition, 27 recently submitted requests for registration were within the eight-week period (four weeks for small-scale projects) within which a Party involved or three Board members may request a review. The Board is currently undertaking a review in seven cases. In 17 cases, the Board is awaiting corrections to be made by the project participants following consideration of a request for review. The Board considered 38 requests for review during the reporting period. Documentation on requests for registration is available for comment in accordance with paragraph 40 (b) and (c) of the CDM modalities and procedures.³¹

70. As at 21 July 2006, more than 930 proposed CDM project activities had been submitted for validation to DOEs.³² The average rate of submission of new cases for validation is approximately 55 per month with a slight tendency to increase.³³

71. Until 6 March 2006, in order to determine whether a review is required, two Board members/alternate members, on a rotating basis, undertook an initial appraisal when a request for registration was made. This appraisal was shared with all Board members who individually determined whether they wished to request a review. Given the substantial increase in caseload, this system of appraisals was replaced on 6 March with the commencement of operation of the RIT. The appraisals are now prepared by one member of the RIT, and if requested, with input from one expert drawn from the roster of methodology experts maintained by the secretariat. It remains with the Board members who determine whether they wish to request a review. The secretariat, in support of this new system which allowed the Board a more executive role, developed a revised electronic workflow and, in addition, provided administrative (contract and payment) and procedural support to establish contracts and process results of 350 tasks by RIT members and methodology experts.

72. Since COP/MOP 1, nine requests for deviation have been submitted to the Board: Six relate to the deviation from an approved methodology discovered in the process of validation and three relate to deviations from provisions for a registered project activity discovered in the process of verification. The Board has provided a response to eight of these requests.³⁴

Work on procedures

73. The Board has facilitated and clarified tasks relating to the registration of proposed CDM project activities by issuing the following procedures and clarifications:³⁵

- (a) Terms of reference and procedures for an RIT were adopted by the Board at its twenty-second meeting and revised at its twenty-third, twenty-fourth and twenty-fifth meetings. These procedures created an RIT whose function it is to assist the Board in considering requests for registration and requests for issuance by preparing appraisals of the requests;
- (b) Procedures for requesting deviation from an approved methodology or registered project documentation were adopted by the Board at its twenty-second meeting and revised at its twenty-fourth meeting. These procedures facilitate communication and clarifications between DOEs and the Board regarding cases where minor issues arise in project implementation;

³¹ See <http://cdm.unfccc.int/Projects/request_reg.html>.

³² Details on proposed project activities are available for comment at <<http://cdm.unfccc.int/Projects/Validation>>.

³³ Information on proposed project activities at the validation stage is accessible through an interface in the "Project activity" section on the UNFCCC CDM website.

³⁴ For non-confidential cases the Board's guidance is available at <http://cdm.unfccc.int/Projects/Deviations>.

³⁵ See <<http://cdm.unfccc.int/Reference/Procedures>> and <<http://cdm.unfccc.int/Reference/Guidclarif>>.

- (c) Clarifications to facilitate the implementation of the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures were revised by the Board at its twenty-second, twenty-fourth and twenty-fifth meetings. These procedures streamline the registration process and provide uniform modalities for the consideration of requests for registration and requests for review in such cases;
- (d) Guidance on retroactive crediting: To facilitate the implementation of the decision of the COP/MOP with respect to retroactive crediting (paragraph 4 of decision 7/CMP.1), the Board clarified at its twenty-third meeting that:
- (i) “Requesting validation” requires that a PDD has been submitted to a DOE by 31 December 2005. DOEs are required to have a system to deal with their documents and processes. The Board noted that the date of receipt shall be documented in such a manner that a verification in the context of re-accreditation or spot-check is possible without doubt;
 - (ii) Bearing in mind the short period after COP/MOP 1 and that it was the holiday season, the Board agreed that 11 January 2006 would be the deadline for submitting proposed new methodologies (equivalent to the deadline of round 14 for submission of proposed new methodologies);
 - (iii) With regard to proposed new methodologies that were submitted before the deadline referred to in subparagraph 73 (d) (ii) and which are not approved (“C” cases) and submitted again, as recommended, the Board agreed that:
 - If the project activity is not changed and is registered before 31 December 2006 using an approved methodology which was submitted based on the non-approved proposed methodology, it would qualify for retroactive crediting in accordance with the relevant decision of COP/MOP 1;
 - The resubmitted methodology would not be granted any type of special considerations on resubmission;
- (e) The Board further agreed at its twenty-fifth meeting that in cases where requests for registration of project activities claiming retroactive credits are being submitted, the DOE requesting registration shall submit the evidence that the project participant(s) requested validation of the project activity prior to 31 December 2005, in accordance with the clarification provided by the Board at its twenty-third meeting;
- (f) Following consultation with the DOE/AE forum, the Board, at its twenty-fourth meeting, adopted a simplified registration request form (F-CDM-REG).

74. Furthermore, the Board adopted a revised registration fee which has been applied since 1 March 2006.³⁶ This fee is based on the annual average emission reductions over the first crediting period and is calculated as per share of proceeds to cover administrative expenses as defined by decision 7/CMP.1, paragraph 37. Projects with annual average emission reductions of less than 15,000 tonnes of CO₂ equivalent are exempt from the registration fee, and the maximum fee applicable is USD 350,000. This fee is considered to be a prepayment of the share of proceeds to cover administrative expenses.

³⁶ Full details of the registration fee are available in annex 35 to the report of the twenty-third meeting of the Board <<http://cdm.unfccc.int/EB/Meetings>>.

75. In order to guide and assist DOEs in their validation work, the Board instructed that DOEs “pay particular attention to and provide detailed information on the use by project participants of the additionality tool”. Furthermore, the guidelines for completing PDDs were revised to clarify for project participants that “the local stakeholder process shall be completed before submitting the proposed project activity to a DOE for validation”.

G. Matters relating to the issuance of certified emission reductions and the clean development mechanism registry

Work relating to the issuance of certified emission reductions

76. The first CERs were issued on 20 October 2005. As at 21 July 2006, 10,762,403 CERs had been issued as a result of 41 separate requests for issuance. Of these 41 requests, 38 were considered final 15 days after publication. In two cases the Board instructed the CDM registry administrator to issue the requested CERs following the consideration of a request for review and clarifications provided by the DOE. In one case the Board instructed the DOE to resubmit the request for issuance on the basis of revised monitoring and verification reports. This resulted in the CDM registry administrator being instructed to issue fewer CERs than originally requested by the DOE.

77. One recently submitted request for issuance was within the 15-day period within which a Party involved or three Board members may request a review. Four requests for review of requests for issuance were considered by the Board at its twenty-fifth meeting. The procedure to determine whether a review is required is described in paragraph 71 above.

78. As at 21 July 2006, 50 monitoring reports had been made public by DOEs and were awaiting a corresponding request for issuance as part of the verification process.

79. The more than 930 project activities for which PDDs were made public are expected to generate more than 1.1 billion CERs by the end of the first commitment period assuming that none of the activities will request an extension of the crediting period. The 252 project activities already registered account for more than 470 million CERs of the 1.1 billion.

Work on procedures

80. In order to facilitate the preparation and consideration of requests for issuance, the Board adopted the following procedures and clarifications:³⁷

- (a) Procedures for post-registration changes to the start date of the crediting period were adopted by the Board at its twenty-fourth meeting. These procedures facilitate the flexible implementation of CDM project activities for which the start date of the crediting period is after the date of registration;
- (b) Clarifications to facilitate the implementation of the procedures for review, as referred to in paragraph 65 of the CDM modalities and procedures, were adopted by the Board, at its twenty-fifth meeting, to streamline the issuance process.

³⁷ See <<http://cdm.unfccc.int/Reference/Procedures>> and <<http://cdm.unfccc.int/Reference/Guidclarif>>.

CDM registry

81. The secretariat continues to operate a version of the CDM registry which can be linked with the ITL once the ITL is operational.

82. This version of the CDM registry has been used since COP/MOP 1 to issue CERs into the pending account of the CDM registry, in accordance with the instructions of the Executive Board. In addition, from January 2006 the secretariat has instructed participants of projects for which CERs had been issued as to how they may apply for a holding account in the CDM registry and how they may request CERs to be forwarded from the pending account to the holding accounts of project participants.

83. In March 2006, the secretariat began to receive and process account applications and forwarding requests. As at 21 July 2006, 18 holding accounts had been opened in the CDM registry, three of which are permanent holding accounts. As at 21 July 2006, 22 requests for forwarding had been processed by the CDM registry administrator, as mandated by paragraph 90 (d) of the Board's report to the COP/MOP at its first session.

84. The CDM registry administrator issued the first monthly report, covering the period up to 31 March 2006, to the Executive Board and relevant DNAs in early April 2006, and has continued to issue updated reports on a monthly basis.

85. In April 2006 the CDM registry administrator participated in the registry system administrator forum. This forum was informed of the development schedule for the ITL, which indicated, inter alia, that the CDM registry will be the first registry to be tested with the ITL.

H. Relationship with designated national authorities

86. The Board, at its twenty-third meeting, agreed to establish the CDM designated national authorities (DNAs) forum and requested the secretariat to provide support to this forum. The Board noted that this forum could be an important avenue for capacity-building through cooperation and exchange of experiences. The Board invited the secretariat to explore options for funding/collaboration to support a meeting of the DNA forum at least twice a year and to organize at least one meeting of the forum this year in conjunction with a meeting of the COP/MOP in such a manner that it will be possible for the Board to interact with the forum in a cost-effective manner. The Board also requested the secretariat to enhance the connectivity of DNAs to the listserver and the extranet and to facilitate discussions of the forum by electronic means.

87. The Government of Japan has agreed to fund directly the first meeting of the DNA forum. The meeting is tentatively scheduled to be held on 27–28 October 2006 in conjunction with the twenty-seventh meeting of the Board. In the meantime, the secretariat has established the listserver and encouraged the DNAs to make use of this electronic tool to exchange views on issues, concerns and experiences.

88. In addition, in response to requests from some Parties, an informal meeting of DNAs was held on 24 May 2006 in Bonn, Germany, in conjunction with the twenty-fourth sessions of the subsidiary bodies. More than 100 DNAs participated in this meeting and raised issues, concerns and questions, which they wish to further discuss and exchange views on, among themselves and with the Board, at the formal meetings of the forum.

I. Matters relating to the regional distribution of clean development mechanism project activities

89. Following a request by the COP/MOP at its first session, four Parties submitted views, which are contained in document FCCC/KP/CMP/2006/MISC.1. Because this document was not available to the Executive Board at its twenty-fifth meeting, the Board agreed to postpone further consideration of this issue to its twenty-sixth meeting.

90. The Board, in order to have a broad base for its work in response to the request by the COP/MOP at its first session, initiated a public call for inputs, after its twenty-third meeting, on “Regional distribution of CDM project activities”, which it will consider together with the above submissions and an analysis prepared by the secretariat of the submissions by Parties and the responses to the call for inputs.

91. On 21 July 2006, the regional distribution of the 252 registered CDM project activities was as follows:³⁸ 127 in Latin America and the Caribbean, 116 in Asia and the Pacific, 5 in Africa, and 4 in other regions. Of the 127 in Latin America, 58 are in Brazil, 20 are in Mexico and 13 are in Chile; the remaining 36 are in 12 countries. Of the 116 in the Asia and Pacific region, 77 are in India, 12 are in China, and 7 are in Malaysia; the remaining 25 are in 10 countries.

92. The Executive Board’s proposal to the COP/MOP on regional distribution of CDM project activities, in response to paragraph 33 of decision 7/CMP.1, will be included in an addendum to this annual report.

J. Modalities for collaboration with the subsidiary bodies

93. In accordance with rule 14 of its rules of procedure, the Board agreed to designate members, as necessary, to follow work undertaken by the SBSTA on methodological and scientific issues relating to the work of the Executive Board. The Board took the following actions:

Issues relating to registry systems (see also section H. above)

- (a) Ms. Anastassia Moskalenko and Mr. Rajesh Kumar Sethi were designated to follow deliberations by the SBSTA and to update the Board on developments;
- (b) The Board took note of the progress on the ITL as reported by the secretariat to the Subsidiary Body for Implementation (SBI) at its twenty-fourth session, and reaffirmed the importance of making rapid progress in this work.

Implications of the implementation of project activities under the CDM, referred to in decision 12/CP.10, for the achievement of objectives of other environmental conventions and protocols

- (a) Mr. José Domingos Miguez and Ms. Sushma Gera were designated to follow deliberations by the SBSTA and to update the Board on developments;
- (b) The Board noted the invitation to Parties to submit concrete proposals on practical solutions. The Board is awaiting guidance, as appropriate, from the COP/MOP on this subject.³⁹

³⁸ See CDM Statistics section <<http://cdm.unfccc.int/Statistics/>> for up-to-date pie charts and lists.

³⁹ See section VIII of FCCC/SBSTA/2006/5 and decision 8/CMP.1 (FCCC/KP/CMP/2005/8/Add.1).

III. Governance matters

A. Response to requests by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol relating to governance

94. The COP/MOP, by its decision 7/CMP.1, decided on provisions and guidance relating to the governance of the CDM.⁴⁰ The Board has initiated work in response to these provisions. It agreed to dedicate one day prior to its twenty-sixth meeting to take stock of these issues in the context of its process to revise the CDM-MAP. Some of the work initiated includes a catalogue of decisions. The addendum to this report will provide more detail on this aspect of the work of the Board.

B. Membership issues

95. At COP/MOP 1, members and alternate members were elected to fill the vacancies arising from the expiration of terms of tenure after a period of two years. During the reporting period, the Board thus comprised the members and alternate members shown in table 6 (in alphabetical order by member).

Table 6. Members and alternate members of the CDM Executive Board

Members	Alternate members	Nominated by
Mr. Jean-Jacques Becker ^a	Ms. Gertraud Wollansky ^a	Western Europe and Other regional group
Mr. Hernán Carlino ^b	Mr. Philip M. Gwage ^b	Non-Annex I Parties
Ms. Sushma Gera ^a	Mr. Masaharu Fujitomi (resigned end of June 2006) and Mr. Akihiro Kuroki for the remainder of the term ^a	Annex I Parties
Mr. John Shaibu Kilani ^a	Mr. Ndiaye Cheikh Sylla ^a	African regional group
Mr. Xuedu Lu ^b	Mr. Richard Muyungi ^b	Non-Annex I Parties
Mr. José Domingos Miguez (Chair) ^a	Mr. Clifford Anthony Mahlung ^a	Latin America and Caribbean regional group
Mr. Rawlestone Moore ^b	Ms. Desna N. Solofa ^b	Small island developing States
Ms. Anastasia Moskalenko ^b	Ms. Natalia Berghi ^b	Eastern European regional group
Mr. Rajesh Kumar Sethi ^a	Ms. Liana Bratasida ^a	Asian regional group
Mr. Hans Jürgen Stehr (Vice-Chair) ^b	Mr. Lex de Jonge ^b	Annex I Parties

^a Term: two years ending at the first meeting in 2007.

^b Term: two years ending at the first meeting in 2008.

96. The Board, at its twentieth meeting, noted its concern regarding the issue of privileges and immunities for persons engaging in official business relating to the CDM. It urged the COP/MOP at its first session to address the issue with urgency to ensure that the Board and its members were fully protected when taking decisions for which they have been mandated, and enabling them to take such decisions in a manner fully safeguarding the integrity of the process. The Board noted the progress of deliberations by Parties at COP/MOP 1 and SBI 24 and that Parties will continue their deliberations on this matter at COP/MOP 2 and SBI 25 based on new information from the Secretary-General of the United Nations and the secretariat. The Board reiterated its concern on this issue and encourages Parties to come to a conclusion on this issue at COP/MOP 2.

⁴⁰ Achievements relating to resources and the management plan are covered in chapter IV below.

C. Election of the Chair and the Vice-Chair of the Executive Board

97. The Board, at its twenty-third meeting, elected by consensus Mr. José Domingos Miguez, member from non-Annex I Parties, and Mr. Hans Jürgen Stehr, member from Annex I Parties, as Chair and Vice-Chair, respectively. Their tenures as Chair/Vice-Chair will end at the first meeting of the Board in 2007.⁴¹

98. On behalf of the Board, the new Chair expressed the appreciation of the Board to the outgoing Chair, Ms. Sushma Gera, and Vice-Chair, Mr. Xuedu Lu, for their excellent leadership of the Board during its fourth year of operation.

D. Calendar of meetings of the Executive Board in 2006

99. The Executive Board, at its twenty-third meeting, adopted its calendar of meetings for 2006 (table 7).

Table 7. Executive Board meetings in 2006

Number of meeting	Date	Location
Twenty-third	22–24 February	UNFCCC headquarters in Bonn, Germany
Twenty-fourth	10–12 May	UNFCCC headquarters (in conjunction with the twenty-fourth sessions of the subsidiary bodies)
Twenty-fifth	19–21 July	UNFCCC headquarters
Twenty-sixth	26–29 September	UNFCCC headquarters
Twenty-seventh	29 October– 1 November	UNFCCC headquarters
Twenty-eighth	13–15 December (to be confirmed)	UNFCCC headquarters

100. The annotated agendas for the Executive Board meetings, supporting documentation and reports containing all agreements reached by the Board are available on the UNFCCC CDM website.⁴²

101. To ensure the efficient organization and management of work, the meetings of the Board are preceded by informal consultations of 1–2 days. During the reporting period, the workload before the Board commonly required that the Board be in session or in consultations for well over the eight hours planned (more than 14 hours on one occasion) during a typical meeting day.

E. Transparency, communication and information of the Executive Board

102. In order to promote the efficient, cost-effective and transparent exchange of information between the Board, its panels, working groups, teams and experts, and the secretariat, several electronic communication facilities are provided by the secretariat: nine extranets and (more than 60) listservers (table 8). These facilities are connected to the UNFCCC CDM website, which also provides communication facilities to designated and applicant operational entities and to project developers. In addition, there are links to DNAs (103 in total, 84 from non-Annex I Parties and 19 from Annex I Parties) and for public input. The routine use of these electronic facilities for the provision of information and

⁴¹ Paragraph 12 of the rules of procedure of the Board.

⁴² <<http://cdm.unfccc.int/EB/>>.

the day-to-day operation of the CDM is essential to the smooth and cost-effective functioning of the CDM. Telephone conferences for panels and working groups also allowed efficiency to be enhanced.

Table 8. Facilities for electronic communication (via extranet, internet and e-mail)

User group	Extranet	Lists server (e-mail)	Other
CDM Executive Board	✓	✓	x
CDM Methodologies Panel	✓	✓	Online input
CDM Accreditation Panel	✓	✓	Online input
CDM Afforestation and Reforestation Working Group	✓	✓	Online input
CDM Small-Scale Projects Working Group	✓	✓	x
CDM Registration and Issuance Team	Under construction	x	x
CDM Assessment Teams (CDM-ATs)	✓	✓	Online input
Desk reviewers (experts on methodologies)	✓	✓	Online input
Designated operational entities	✓	✓	Online input
Applicant operational entities	✓	✓	Online input
Designated national authorities	x	✓	x
Public	x	x	UNFCCC CDM website UNFCCC CDM News facility Online submission for call for inputs

1. Transparency of the work of the Executive Board

103. The provisions of the CDM modalities and procedures (in particular, paragraph 5 (i), (j), (k) and (m)) and rule 26 of the rules of procedure of the Executive Board stipulate that information shall be made publicly available subject to the need to protect confidential information and the principle of transparency should apply to all the work of the Board. The CDM information system is web-based making all information⁴³ accessible to the public unless rules require restrictions to it. The system also ensures through electronic workflows the timely processing of that information within short deadlines. This encompasses the timely public availability of documentation and channels through which external comments by all Parties, and all UNFCCC accredited observers and stakeholders, can be submitted for consideration by the Board.

104. The figures below are indications of the interest the public and stakeholders show in the work of the Board and the progress of the CDM. Altogether, 44 observers were registered to attend the CDM Executive Board meetings during the reporting period. Seven of these represented Parties and most others came from environmental and business non-governmental organizations (NGOs). Eight observers were nationals from non-Annex I Parties and 36 from Annex I Parties. During the reporting period, eight stakeholders attended Board meetings as observers.

105. On average, more than 1,700 individuals followed the live proceedings of the Board through the webcast: 63 per cent from Western European and other States, 21 per cent from Asia, 5 per cent from Latin America and the Caribbean, 1 per cent from Eastern Europe, 1 per cent from Africa and 9 per cent were not traceable.

⁴³ Including agendas, work programmes, annotations to proposed agendas, reports and related annexes, etc.

106. Based on its experience with the implementation of the rules of procedure to date, the Board currently does not perceive the need to recommend to the COP/MOP any changes to the rules. The rules have thus far continued to allow the administration of the CDM in an efficient, cost-effective and transparent manner.

107. The Board is making efforts to provide its decisions with short explanations. However, over the reporting period the workload and the resources available did not permit sufficient progress in this direction. The Board is of the view that this will change towards the end of 2006 when human resources in the secretariat will become available and operational to support the Board in this challenge.

F. The role of the secretariat

108. The major tasks of the secretariat relate to the servicing of the Board and its two panels, two working groups and RIT in all their functions.

109. The human resources situation has improved since COP/MOP 1 but has not yet reached full capacity as envisaged in the CDM-MAP. Bearing in mind the special effort made to ensure the highest quality of staff, while maintaining geographical and gender balance following the Parties' guidance, and the time for new staff to become operational (as of July 2006 more than 30 per cent of staff employed in the CDM subprogramme had been working with the subprogramme for less than six months), the secretariat was not yet in a position to reach the level of desired support indicated in the CDM-MAP.

110. However, in the reporting period, the secretariat managed to provide administrative, logistical and substantive support for a total of three CDM Executive Board meetings, six panel meetings, six WG meetings and one CDM coordination workshop. It undertakes completeness checks in the area of methodologies (more than 45 cases in the reporting period) and registration and issuance (more than 300 cases in the reporting period).

111. It equally manages associated experts for specialized technical input (61 desk reviewers, 21 consultants, 350 review team contracts, and 30 members of accreditation teams during the reporting period), maintains the UNFCCC CDM website, programmes and re-programmes electronic workflows and interfaces and responds to external queries.

112. It undertakes fund-raising efforts to mobilize resources for the work on the CDM and manages contributions from Parties and the income from fees for accreditation, methodology proposals, registration and the share of proceeds for administration. Regular reports are provided to the Board on the status of resources for work on the CDM.

IV. The clean development mechanism management plan and resources for the work on the clean development mechanism

A. Management plan 2005–2006 and 2006–2007

113. The COP/MOP, by its decision 7/CMP.1, requested the Board to keep the management plan under review and make adjustments by, inter alia:

- (a) Identifying and implementing, wherever warranted and compatible with the principles and the purpose of the CDM, further measures aimed at strengthening the CDM and its responsiveness to the needs of Parties and stakeholders;
- (b) Adopting appropriate management indicators;
- (c) Providing a breakdown of the level of resources allocated to the provision of services identified by the Executive Board in its management plan, in particular with relation to costs and geographical distribution of staff and consultancies.

114. The Board and its panels, in addition to the ongoing and increasing case load in terms of proposed new methodologies and requests for registration, kept their procedures and processes under review and implemented measures aimed at strengthening the CDM. It worked on guidelines, improved tools (additionality, baselines and others) and ensured that on all such key issues the public had opportunities to provide input and/or to comment. Although this opportunity for comment did make the work more time-consuming, it provided the opportunity for all those interested in the mechanism to provide input on the issues.

115. The Board, supported by the secretariat, will work on the revision of the CDM-MAP taking into account a review of its operating assumptions and that the resource level in the secretariat is not yet at full level and, with a view to publishing a revised CDM-MAP at its twenty-seventh meeting and presenting key features of that revision in an addendum to this report. By that time, the Board may have developed, subject to availability of resources, meaningful management indicators and present its results in the addendum to this report.

116. While the Board will review its assumptions for the CDM-MAP, it can be noted that after six and a half months into 2006, the number of requests for registration and issuance, expected to be 400 for the entire year as per the CDM-MAP, had already reached 330, i.e. within the first six and a half months 83 per cent per cent of the requests expected for the year. Surveys of DOEs and DNAs, carried out by the secretariat each quarter in order to project the expected workload, indicate that by the end of the year another 223 cases will be submitted for registration alone, pushing the caseload to about 40 per cent higher than expected.

117. Information on the level of resources allocated to the provision of services identified by the Executive Board in its management plan has been enhanced in that document and the Board has been made available an online feature in its extranet which allows each member and alternate member to see the status of resources and expenditures. In addition, the Board at each meeting is briefed on financial and human resource matters. As has been the practice since the Board started its work, each annotated agenda and report of a meeting of the CDM Executive Board provides information on the status of income and expenditures.

B. Budget and expenditures for the work on the CDM

118. During the reporting period, the Executive Board monitored and reviewed the requirements and status of resources for the work on the CDM, based on reports by the secretariat at each of the Board's meetings. Table 9 indicates that, for some expenditure items foreseen in the supplementary budget (e.g. expenditures relating to panels and working groups), the expenditure level in the first seven months of 2006 has already reached the total level of expenditure for all of 2004–2005. For the first seven months of 2006, the expenditure level has exceeded 30 per cent of the overall budget (core and supplementary). This is due to the recruitment of eight new staff which should increase the capacity of the programme to carry out a larger number of activities. The Board noted the increase and encouraged the secretariat to conclude the recruitment process for the remaining positions by the end of 2006.

119. In terms of broad expenditure items, the costs in 2006 were distributed as follows: 29 per cent on desk reviewers, RITs, consultants, external expertise; 37 per cent on meetings; 34 per cent on staff supporting, full time, the Board, its panels working groups and UNFCCC CDM information system including the CDM website.

120. In the first seven months of 2006, the CDM employed 21 consultants (23 contracts) at a cost of USD 65,650. In terms of regional distribution, 81 per cent of the consultants were from Annex I Parties and the 19 per cent from non-Annex I Parties. The total costs of the support by desk reviewers amounted

to USD 239,200, of which 78 per cent was paid to experts from Annex I Parties and 22 per cent was paid to experts from non-Annex I Parties.

Table 9. Expenditure in 2004/2005, first seven months 2006 and budgets for 2006–2007

Activity area	2004/2005 Expenditure	Budget 2006	2006 (31/7) Expenditure	Budget 2007	TOTAL 2006–2007
Meetings and activities of the CDM Executive Board	323 779	568 000	259 886	568 000	1 136 000
Activities relating to panels and working groups	1 372 985	1 550 500	1 394 836	1 515 600	3 066 100
Facilitating access to assistance in arranging funding (Article 12.6)	0	132 000	0	132 000	264 000
Activities by the secretariat in support of above areas of work	1 021 481	5 761 680	1 074 714	5 761 680	11 523 360
Sub-total	2 718 245	8 012 180	2 729 436	7 977 280	15 989 460
Overhead (13 per cent)	353 372	1 041 583	354 827	1 037 046	2 078 630
TOTAL (from supplementary funding)	3 071 617	9 053 763	3 084 263	9 014 326	18 068 090
TOTAL (from UNFCCC programme budget^a)	3 877 894	2 296 645	512,703	2 262 068	4 558 712
TOTAL	6 949 511	11 350 408	3 596 966	11 276 394	22 626 802

^aThe amount for 2004 and 2005 is an estimate of the portion expended on CDM activities and of the Kyoto Protocol Interim Allocation. The amounts for 2006–2007 cover activities referred to in the UNFCCC programme budget adopted by the COP at its eleventh session and endorsed by the COP/MOP at its first session.

C. Supplementary resources available in 2006, as at 31 July 2006, and current shortfall

121. The resources in support of the CDM Executive Board in 2006–2007 will come from:

- (a) The UNFCCC programme budget (core): assessed contributions by Parties (20 per cent);
- (b) Supplementary resources (80 per cent), to be generated by:

Source for supplementary funding	Prior to 2008	As of beginning of 2008
Party contributions	X	none
Accreditation fees	X	X
Share of proceeds (methodology fee and registration fee are down payments of the share of proceeds)	Collected, but only for use as of 1 January 2008 (see paragraph 124. below)	X

122. The resources for supplementary funding during the first seven months of 2006 were as follows:

- (a) Carry-over from 2005: USD 5.6 million
- (b) Contributions by Parties: USD 3.56 million
- (c) Accreditation fees:⁴⁴ USD 59,975.

123. Since the inception of the CDM, in response to invitations by the COP, repeated calls by the Executive Board and communications from the Executive Secretary to Parties, a total of 21 Parties, 15 of which (marked by an asterisk in the list below) during the reporting period, have generously contributed or pledged to contribute to the CDM: Austria*, Belgium*, Canada*, Denmark*, the European Community*, Finland*, France*, Germany, Ireland, Italy*, Japan, Luxembourg*, Malta*, Netherlands, Norway*, Portugal*, Slovenia*, Spain*, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland*. These contributions are acknowledged with great appreciation. A summary of the status of pledges and contributions to support CDM activities in 2006 is contained in annex II.

124. In response to decision 7/CMP.1, fees and share of proceeds on CERs are being collected, and will be accumulated until the end of 2007, to ensure that as of 1 January 2008 the activities of the Executive Board, as envisaged in the CDM-MAP, can be financed from this source. It is expected that by that time the potential risks due to fluctuations in income from the share of proceeds can be avoided by an operating cushion representing an amount collected over 18 months. As at 31 July 2006, a total of USD 6.5 million had been collected (and funds are accumulating) for use as of 1 January 2008. This amount includes:

- (a) Methodology fees:⁴⁵ USD 54,490 corresponding to 46 fees paid, of which one methodology was approved, one was not approved, 10 did not pass the pre-assessment and the remaining 32 are under consideration
- (b) Registration fees:⁴⁶ USD 4.89 million
- (c) Share of proceeds:⁴⁷ USD 1.55 million.

125. As at 31 July 2006, the total amount of supplementary resources available had nearly reached the resources required to carry out the full scope of activities planned in 2006. Resources received amounted to USD 10.12 million against the estimated requirements of USD 9.05 million in 2006 and USD 18.07 million for the biennium 2006–2007. The current shortfall is therefore USD 7.95 million until the end of 2007.

126. Given this resource situation, the Executive Board continuously reiterated the call by the COP to Parties to make further contributions for the work of the CDM to ensure that all the necessary activities envisaged in the CDM-MAP for 2007 could be carried out in a predictable and sustainable manner.

⁴⁴ An application fee of USD 15,000 is payable by an AE at the time it applies for accreditation.

⁴⁵ A methodology fee of USD 1,000 is payable at the time a new methodology is proposed. If the proposal leads to an approved methodology, the project participants receive a credit of USD 1,000 accounted for payment of the registration fee.

⁴⁶ See paragraph 74 for payment provisions.

⁴⁷ The share of proceeds, payable at the time of issuance of CERs, is USD 0.10 per certified emission reduction issued for the first 15,000 tonnes of CO₂ equivalent for which issuance is requested in a given calendar year and USD 0.20 per CER issued for any amount in excess of these per year.

V. Summary of decisions

127. In accordance with rule 38 of the rules of procedure of the Executive Board, the report of each Board meeting has been made available on the UNFCCC CDM website. The Board agreed to implement the provision contained in paragraph 17 of the CDM modalities and procedures, whereby decisions of the Board shall be made publicly available, in all six official languages of the United Nations, by including the decisions or referring to them (indicating their placement on the UNFCCC CDM website) in its annual report to the COP/MOP (see also section I. B above)

Annex I**Approved baseline and monitoring methodologies**

Approved consolidated methodologies for baselines and monitoring:

ACM0001 Consolidated methodology for landfill gas project activities --- Version 3	Revised at EB 25
ACM0002 Consolidated methodology for grid-connected electricity generation from renewable sources --- Version 6	Revised at EB 24
ACM0003 Emissions reduction through partial substitution of fossil fuels with alternative fuels in cement manufacture --- Version 3	Revised at EB 25
ACM0004 Consolidated methodology for waste gas and/or heat for power generation --- Version 2	Revised at EB 24
ACM0005 Consolidated Methodology for Increasing the Blend in Cement Production --- Version 3	Revised at EB 24
ACM0006 Consolidated methodology for grid-connected electricity generation from biomass residues --- Version 3	Revised at EB 24
ACM0007 Methodology for conversion from single cycle to combined cycle power generation	Approved at EB 22
ACM0008 Consolidated methodology for coal bed methane and coal mine methane capture and use for power (electrical or motive) and heat and/or destruction by flaring	Revised at EB 25
ACM0009 Consolidated methodology for industrial fuel switching from coal or petroleum fuels to natural gas --- Version 2	Revised at EB 25

Approved methodologies for baselines and monitoring:

AM0001 Incineration of HFC 23 Waste Streams --- Version 4	Revised at EB 24
AM0002 Greenhouse gas emission reductions through landfill gas capture and flaring where the baseline is established by a public concession contract ---Version 2	Revised at EB 22
AM0003 Simplified financial analysis for landfill gas capture projects --- Version 3	Revised at EB 21
AM0006 GHG emission reductions from manure management systems	On hold at EB 24
AM0007 Analysis of the least-cost fuel option for seasonally-operating biomass cogeneration plants	Approved at EB 14
AM0009 Recovery and utilization of gas from oil wells that would otherwise be flared --- Version 2	Revised at EB 19
AM0010 Landfill gas capture and electricity generation projects where landfill gas capture is not mandated by law	Approved at EB 11
AM0011 Landfill gas recovery with electricity generation and no capture or destruction of methane in the baseline scenario --- Version 2	Revised at EB 21
AM0012 Biomethanation of municipal solid waste in India, using compliance with MSW rules	Approved at EB 13
AM0013 Avoided methane emissions from organic waste-water treatment --- Version 3	Revised at EB 24
AM0014 Natural-gas-based package cogeneration	Approved at EB 15
AM0016 Greenhouse gas mitigation from improved animal waste management systems in confined animal feeding operations --- Version 3	On hold at EB 24
AM0017 Steam system efficiency improvements by replacing steam traps and returning condensate --- Version 2	Revised at EB 19
AM0018 Steam optimization systems	Approved at EB 17
AM0019 Renewable energy project activities replacing part of the electricity production of one single fossil-fuel-fired power plant that stands alone or supplies electricity to a grid, excluding biomass projects --- Version 2	Revised at EB 24
AM0020 Baseline methodology for water pumping efficiency improvements	Approved at EB 18
AM0021 Baseline methodology for decomposition of N ₂ O from existing adipic acid production plants	Approved at EB 18

AM0022 Avoided wastewater and on-site energy use emissions in the industrial sector --- Version 2	Revised at EB 25
AM0023 Leak reduction from natural gas pipeline compressor or gate stations	Approved at EB 20
AM0024 Methodology for greenhouse gas reductions through waste heat recovery and utilization for power generation at cement plants	Approved at EB 21
AM0025 Avoided emissions from organic waste through alternative waste treatment processes --- Version 3	Revised at EB 23
AM0026 Methodology for zero-emissions grid-connected electricity generation from renewable sources in Chile or in countries with merit order based dispatch grid --- Version 2	Revised at EB 24
AM0027 Substitution of CO ₂ from fossil or mineral origin by CO ₂ from renewable sources in the production of inorganic compounds	Approved at EB 22
AM0028 Catalytic N ₂ O destruction in the tail gas of nitric acid plants	Approved at EB 23
AM0029 Methodology for grid-connected electricity generation plants using natural gas	Approved at EB 24
AM0030 PFC emission reductions from anode effect mitigation at primary aluminium smelting facilities	Approved at EB 24
AM0031 Methodology for bus rapid transit project	Approved at EB 25
AM0032 Methodology for waste gas or waste heat based cogeneration system	Approved at EB 25
AM0033 Use of non-carbonated calcium sources in the rwa mix for cement processing	Approved at EB 25
AM0034 Catalytic reduction of N ₂ O inside the ammonia burner of the nitric acid plant	Approved at EB 25

Approved afforestation/reforestation methodologies for baselines and monitoring:

AR-AMS0001 Simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the clean development mechanism	Approved at EB 22
AR-AM0001 Reforestation of degraded land --- Version 2	Revised at EB 24
AR-AM0002 Restoration of degraded lands through afforestation/reforestation	Approved at EB 24
AR-AM0003 Afforestation and reforestation of degraded land through tree planting, assisted natural regeneration and control of animal grazing	Approved at EB 24

Annex II**Status of pledges to support 2006 CDM activities**

Montreal pledge		Other pledges	Total pledge	Received 30 June	Outstanding
Austria	90 000	38 717	128 717	90 000	38 717
Belgium	81 000		81 000	24 175	56 825
Canada	1 500 000	510 000	2 010 000	510 000	1 500 000
Denmark	106 000	194 000	300 000	106 000	194 000
European Commission	890 000	145 000	1 035 000	429 384	605 616
Finland	40 000		40 000	40 000	0
France	236 000		236 000	120 500	115 500
Germany	1 000 000		1 000 000	0	1 000 000
Greece	30 000		30 000	0	30 000
Iceland	10 000		10 000	0	10 000
Ireland	49 250		49 250	49 232	0
Italy	1 000 000		1 000 000	500 000	500 000
Japan ^a	1 000 000		1 000 000	0	0
Luxembourg	20 000		20 000	23 894	0
Netherlands ^b	265 000		265 000	264 706	0
Norway	450 000		450 000	490 376	0
Portugal	30 000	6 000	36 000	0	36 000
Slovenia	5 000		5 000	0	5 000
Spain	500 000		500 000	171 595	328 405
Sweden	140 000		140 000	0	140 000
United Kingdom	740 000		740 000	740 000	0
TOTAL	8 188 050	893 717	9 081 767	3 564 862	4 560 063

Note: Some contributions differ from the pledge due to exchange rate fluctuations. The figures represent the status as at 27 June 2006. This section will be revised after the twenty-fifth meeting of the Executive Board.

^a Japan recently indicated to the Chair of the Executive Board that its pledge made in Montreal is not for activities under the CDM Management Plan (CDM-MAP), but for other CDM-related activities.

^b Received in 2005. Total contributions received in 2006 (30 June 2006), USD 3,300,156.
