

**A6.4-PROC-ACCR-002**

## Procedure

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# Performance monitoring of the Article 6.4 designated operational entities

Version 01.0



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## 1. Introduction

### 1.1. Background

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its third session, adopted rules, modalities and procedures (RMPs) for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (the Article 6.4 mechanism).<sup>1</sup> In accordance with the RMPs, a proposed or registered Article 6.4 activity (A6.4 activity) as well as monitored greenhouse gas (GHG) emission reductions or net GHG removals achieved by an A6.4 activity shall be independently assessed by a designated operational entity (DOE) against the requirement set out in the RMPs in order for the activity to be registered or renewed under Article 6.4 mechanism, or for Article 6, paragraph 4, emission reductions to be issued.<sup>2</sup>
2. DOEs play a vital role under the Article 6.4 mechanism by performing validation and verification/certification functions, and the impartiality and competence of DOEs are ensured through the application of the “Standard: Article 6.4 accreditation” and the “Procedure: Article 6.4 accreditation”. With the application of the “Procedure: Performance monitoring of the Article 4.6 designated operational entities”, specific measures (e.g. increasing the number of performance assessments, defining the focused areas to be assessed in the central office and/or non-central offices in the forthcoming regular on-site surveillance, and initiating spot-checks) can be initiated based on the results of the performance monitoring of DOEs.

### 1.2. Objective

3. The objective of the “Procedure: Performance monitoring of the Article 6.4 designated operational entities” (herein after referred to as “this procedure”) is to:
  - (a) Set out the process and requirements to monitor the performance of, and address non-compliance by, DOEs in a systematic manner;
  - (b) Foster the improvement of the performance of DOEs and provide the Supervisory Body of the Article 6.4 mechanism and the Article 6.4 mechanism Accreditation Expert Panel (AEP) with tools for informed decision-making on actions in the accreditation process;
  - (c) Foster system-wide improvements via identification of issues where guidance or requirements lack clarity or are non-existent.

## 2. Scope

### 2.1. Scope

4. This procedure monitors the performance of DOEs through the monitoring, classification and rating of instances of non-compliance identified in the requests for registration and

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<sup>1</sup> Decision 3/CMA.3, annex. Available at: [https://unfccc.int/sites/default/files/resource/cma2021\\_10\\_add1\\_adv.pdf#page=25](https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=25).

<sup>2</sup> RMPs, paragraphs 46, 51 and 57.

issuance for both A6.4 projects and A6.4 programmes of activities (PoAs); requests for renewal of crediting period of A6.4 projects; requests for renewal of A6.4 PoA period; requests for inclusion of A6.4 component projects (CPs)<sup>3</sup>; request for renewal of A6.4 CPs;<sup>4</sup> and requests for approval of post-registration changes (PRCs) of A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track submitted by DOEs.<sup>5</sup> It provides for the monitoring, classification and categorization of instances of non-compliance into pre-defined subcategories and assigns weight to be used for classifying and grading instances of non-compliances. It establishes a rating system for all DOEs' instances of non-compliance, comparing the indicators with the agreed thresholds and recommending appropriate actions to be carried out system-wide.

5. This procedure is not intended to provide for comparative ranking of DOEs, but to indicate the level of performance and compliance of individual DOEs with the A6.4 accreditation requirements. Its implementation should be complemented with system-wide analysis and improvement.
6. The results of the DOE performance monitoring are communicated in the following ways to DOEs, the AEP and the Supervisory Body:
  - (a) Reporting to DOEs on their performance with the three main objectives:
    - (i) Providing feedback on their performance with relevant information that would allow them to conduct a root-cause analysis of the deficiencies in their validation/verification work;
    - (ii) Informing DOEs of their performance and level of their performance indicators so that they are aware of whether the thresholds have been reached or are about to be reached;
    - (iii) Informing DOEs of whether any further action has been decided on;
  - (b) Reporting to the AEP to provide information for its informed decision-making in accordance with the "Procedure: Article 6.4 accreditation";
  - (c) Reporting to the Supervisory Body as the final decision-making body to provide it with all relevant data for its decision-making in accordance with the A6.4 accreditation procedure as well as to allow the Supervisory Body to make system-wide improvements.

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<sup>3</sup> In accordance with paragraph 98 of the "Procedure: Article 6.4 activity cycle procedure for programmes of activities", the assessment of inclusion of CPs is done on a sample basis.

<sup>4</sup> In accordance with the paragraph 259 of the "Procedure: Article 6.4 activity cycle procedure for programmes of activities", the assessment of renewals of the crediting periods of CPs is done on a sample basis.

<sup>5</sup> This also includes the verification of the transition of clean development mechanism (CDM) activities to the Article 6.4 mechanism. Therefore, the performance of the CDM DOEs that are allowed to verify and certify the requests for issuance from transitioned activities (as per paragraph 22 of the meeting report on the Supervisory Body at its eighth meeting (<https://unfccc.int/sites/default/files/resource/a64-sb008.pdf>)) is required to be monitored in accordance with this procedure.

## 2.2. Applicability

7. This procedure is applicable to the performance of DOEs during their entire accreditation term, that is from the date of accreditation by the Supervisory Body until the expiry of accreditation. The provisions of this procedure are not applicable during a suspension of accreditation of DOEs.
8. The monitoring of the performance of DOEs is based on the compilation of data through the assessment of the requests for registration and issuance for both A6.4 projects and A6.4 PoAs; requests for renewal of crediting period of A6.4 projects; requests for renewal of A6.4 PoA period; requests for inclusion of A6.4 CPs; request for renewal of A6.4 CPs; and requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track submitted by DOEs.<sup>6</sup>

## 2.3. Entry into force

9. Version 01.0 of this procedure enters into force on 9 October 2024.

## 3. Definitions

10. The following definitions of terms are used in this document:
  - (a) **DOE performance:** how successfully a DOE carries out its validation and verification functions, as defined in the RMPs for the Article 6.4 mechanism and the Supervisory Body;
  - (b) **Non-compliance:** failure to meet Article 6.4 mechanism rules and requirements.

## 4. Data compilation and classification of information on performance

### 4.1. Classification and grading of instances of non-compliance

11. The monitoring of the performance of a DOE is based on the compilation of data through the assessment and review, as applicable, of the requests for registration and issuance for both A6.4 projects and A6.4 PoAs; requests for renewal of crediting period of A6.4 projects; requests for renewal of A6.4 PoA period; request for inclusion of A6.4 CPs; request for renewal of A6.4 CPs; and requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track submitted by the DOE.<sup>7</sup> The identification of non-compliances, if any, and their classification into predetermined categories is as follows:
  - (a) Issues related to reporting;
  - (b) Issues related to failure to follow procedural requirements;
  - (c) Technical correctness and accuracy issues with regard to failure to identify non-compliance with Article 6.4 mechanism rules and requirements;

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<sup>6</sup> See footnote 5.

<sup>7</sup> See footnote 5.

- (d) Other issues, to analyse system-wide gaps and improve classification.
12. Appendices 1, 2 and 3 divide the above-identified categories into subcategories for the processes of requests for registration for both A6.4 projects and PoAs; requests for renewal of crediting period of A6.4 projects; requests for renewal of A6.4 PoA period; requests for inclusion of A6.4 CPs and request for renewal of A6.4 CPs (see Appendix 1); requests for issuance of both A6.4 projects and A6.4 PoAs (see Appendix 2); requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track (see Appendix 3).<sup>8</sup> This further subcategorization is provided in order to reduce the level of subjectivity during the identification of instances of non-compliance and to provide sufficient information to DOEs to allow them to understand their performance and appropriately focus their internal improvement efforts.
13. Appendices 1, 2 and 3 also include a weighting for the various categories based on the severity and potential impact on the credibility of the accreditation processes. A linear scale using values between 1 (minimum) and 5 (maximum) is used in order to minimize subjectivity during the rating while still allowing sufficient differentiation between the issues based on the severity.

#### 4.2. Definition of performance indicators

14. Based on the classification and weights referred to in paragraphs 11–13 above, the secretariat shall measure, for each DOE, the performance indicators defined in paragraph 15 below.
15. The secretariat shall calculate, for each of the requests submitted during a given monitoring period as defined in paragraph 25 below, the following performance indicators:
- (a) Indicator  $I_1$ ,<sup>9</sup> which includes the following two subindicators:
- (i) Indicator  $I_{1,cc}$  (rate of incomplete submissions at completeness check (CC)), calculated as the number of requests concluded as incomplete at completeness check divided by the number of requests submitted which have completed the cycle,<sup>10</sup> regardless of the number of issues identified in each incomplete submission:
- a. Indicator  $I_{1,cc}$  = number of requests concluded as incomplete at CC / number of requests completed;
- b. Indicator  $I_{1,cc}$  is to monitor the following types of requests:<sup>11</sup>
- i. Requests for registration and issuance for both A6.4 projects and A6.4 PoAs;

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<sup>8</sup> See footnote 5.

<sup>9</sup> The indicators  $I_{1,cc}$  and  $I_{1,sc}$  shall take into account the number of times a particular request is rejected at CC or substantive check (SC). Therefore, if the same request is rejected at CC or SC multiple times, the re-submission of the same request shall be counted as a different request.

<sup>10</sup> A request completes its cycle once a final decision (approval, rejection or withdrawal) is taken in a given monitoring period.

<sup>11</sup> See footnote 5.

- ii. Requests for renewal of crediting period of A6.4 projects;
  - iii. Requests for renewal of A6.4 PoA period;
  - iv. Requests for inclusion of A6.4 CPs;
  - v. Request for renewal of A6.4 CPs;
  - vi. Requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track;
- (ii) Indicator  $I_{1,sc}$  (rate of incomplete submissions at substantive check (SC)) calculated as the number of requests concluded as incomplete at SC divided by the number of requests submitted which have completed the cycle, regardless of the number of issues identified in each incomplete submission:
- a. Indicator  $I_{1,sc}$  = number of requests concluded as incomplete at SC / number of requests completed;
  - b. Indicator  $I_{1,sc}$  is to monitor the following types of requests:<sup>12</sup>
    - i. Requests for registration and issuance for both A6.4 projects and A6.4 PoAs;
    - ii. Requests for renewal of crediting period of A6.4 projects;
    - iii. Requests for renewal of A6.4 PoA period;
    - iv. Requests for inclusion of A6.4 CPs;
    - v. Requests for renewal of A6.4 CPs;
    - vi. Requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track;
- (b) Indicator  $I_2$ , which includes the following three subcategories and is to calculate the risk priority number (RPN) value based on the steps specified in Appendix 4 at the stage when a request for review is raised:
- (i) Indicator  $I_{2,REG}$ :
    - a. When the number of review cases during a given monitoring period is:
      - i. Higher than or equal to 3:<sup>13</sup>

Indicator  $I_{2,REG}$  = Proportion of the RPN values resulting from requests for review for each DOE over the RPN mean value resulting from all requests for review for all DOEs;

<sup>12</sup> See footnote 5.

<sup>13</sup> This does not include the situation where the k<sup>th</sup> DOE has a request for review case higher than or equal to 3, but this DOE is the only DOE having the request for review cases in a given monitoring period. This type of situation will be treated as “less than 3”.

- ii. Less than 3:

Indicator  $I_{2,REG}$  = RPN value resulting from requests for review for each DOE;

- b. Indicator  $I_{2,REG}$  is to monitor the following types of requests:<sup>14</sup>

- i. Requests for registration for both A6.4 projects and A6.4 PoAs;
- ii. Requests for renewal of crediting period of A6.4 projects;
- iii. Requests for renewal of A6.4 PoA period;
- iv. Requests for inclusion of A6.4 CPs;
- v. Request for renewal of A6.4 CPs;

- (ii) Indicator  $I_{2,ISS}$ :

- a. When the number of review cases during a given monitoring period is:

- i. Higher than or equal to 3:<sup>15</sup>

Indicator  $I_{2,ISS}$  = Proportion of the RPN values resulting from requests for review for each DOE over the RPN mean value resulting from all requests for review for all DOEs;

- ii. Less than 3:

Indicator  $I_{2,ISS}$  = RPN value resulting from requests for review for each DOE;

- b. Indicator  $I_{2,ISS}$  is to monitor the requests for issuance for both A6.4 projects and PoAs;<sup>16</sup>

- (iii) Indicator  $I_{2,PRC}$ :

- a. When the number of review cases during a given monitoring period is:

- i. Higher than or equal to 3:<sup>17</sup>

Indicator  $I_{2,PRC}$  = Proportion of the RPN values resulting from requests for review for each DOE over the RPN mean value resulting from all requests for review for all DOEs;

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<sup>14</sup> See footnote 5.

<sup>15</sup> See footnote 13.

<sup>16</sup> See footnote 5.

<sup>17</sup> See footnote 13.

## ii. Less than 3:

Indicator  $I_{2,PRC}$  = RPN value resulting from requests for review for each DOE;

- b. Indicator  $I_{2,PRC}$  is to monitor requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track.<sup>18</sup>

16. The indicators shall be calculated based on those requests for which a final decision (approval, rejection or withdrawal as per paragraph 17 below) was taken in a given monitoring period.
17. The withdrawal of a submitted requests for registration or issuance for an A6.4 project or A6.4 PoA; requests for renewal of crediting period of an A6.4 project; requests for renewal of an A6.4 PoA period; requests for inclusion of A6.4 CPs; requests for renewal of A6.4 CPs, and requests for approval of PRCs to an A6.4 project, A6.4 PoA and A6.4 CPs under the prior-approval track shall be treated as follows:
- (a) Such withdrawal of a submitted request shall not be counted in the calculation of indicators  $I_{1,CC}$  and  $I_{1,SC}$ ;
- (b) Such withdrawal of a submitted request shall:
- (i) Not be counted in the calculation of indicator  $I_2$ , if the withdrawal request is made prior to the respective notification of request for review;
- (ii) Be counted in the calculation of indicator  $I_2$ , if the withdrawal request is made after the respective notification of request for review.

### 4.3. Data compilation and calculation of indicators

#### 4.3.1. Data compilation and calculation of indicators $I_{1,CC}$ and $I_{1,SC}$

18. Once a DOE submits a request for registration or issuance for an A6.4 project or A6.4 PoA; request for renewal of crediting period of an A6.4 project; request for renewal of A6.4 PoA period; request for inclusion of A6.4 CPs; request renewal of A6.4 CPs; and request for approval of PRCs to an A6.4 project, A6.4 PoA and A6.4 CPs under the prior approval track, the secretariat shall assess the submitted documentation at two stages to determine whether it meets the Article 6.4 mechanism rules and requirements, and shall calculate the indicators as follows:
- (a) At the CC stage: based on this assessment, the submission shall be deemed complete or incomplete. Based on the rate of submissions concluded as incomplete, the indicator  $I_{1,CC}$  shall be calculated;
- (b) At the SC stage: based on this assessment, the submission shall be deemed complete or incomplete. Based on the rate of submissions concluded as incomplete, the indicator  $I_{1,SC}$  shall be calculated;
- (c) Indicators  $I_{1,CC}$  and  $I_{1,SC}$  shall be calculated based on paragraph 15(a) above.

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<sup>18</sup> See footnote 5.

### 4.3.2. Data compilation and calculation of indicators $I_{2,REG}$ , $I_{2,ISS}$ and $I_{2,PRC}$

19. Once a DOE submits a request for registration or issuance for an A6.4 project or A6.4 PoA; request for renewal of crediting period of an A6.4 project; request for renewal of A6.4 PoA period; request for inclusion of A6.4 CPs; request renewal of A6.4 CPs; and a request for approval of PRCs to an A6.4 project, A6.4 PoA or A6.4 CPs under the prior-approval track,<sup>19</sup> the secretariat shall assess the submitted documentation at the stage of request for review to determine whether it meets the A6.4 mechanism rules and requirements and shall calculate the indicators as follows:
- (a) At the request for review stage: the following steps have to be followed to calculate indicators  $I_{2,REG}$ ,  $I_{2,ISS}$  and  $I_{2,PRC}$ :
    - (i) Non-compliance issues shall be identified and classified into categories and subcategories as specified in appendices 1, 2 and 3;
    - (ii) Weighting factors for the criticality and historical frequency of each issue identified shall be attached to each issue. Each request will be given a RPN value based on the identified weights of individual issues,<sup>20</sup> including those that are closed after the provision of further information/documentation by the DOE;
    - (iii) The weighting of non-compliance issues shall be finalized only after a final decision on the specific request has been made;
  - (b) Based on the final weighting of the issues identified, the indicators  $I_{2,REG}$ ,  $I_{2,ISS}$  and  $I_{2,PRC}$  shall be calculated based on paragraph 15(b) above.

## 5. Definition of thresholds

### 5.1. Thresholds for indicators $I_{1,CC}$ and $I_{1,SC}$

20. The secretariat shall calculate the respective thresholds  $TH_{I_{1,CC},y}$  and  $TH_{I_{1,SC},y}$  for indicators  $I_{1,CC}$  and  $I_{1,SC}$  for a given  $y^{\text{th}}$  monitoring period using the bootstrapping method as specified in Appendix 4.
21. The defined thresholds for DOEs within the  $y^{\text{th}}$  monitoring period are reached when:
- (a) At the CC stage: The threshold is reached when the value of  $I_{1,CC}$  is  $> TH_{I_{1,CC},y}$ ;
  - (b) At the SC stage: The threshold is reached when the value of  $I_{1,SC}$  is  $> TH_{I_{1,SC},y}$ .
22. The  $k^{\text{th}}$  DOE is considered to be in the “green zone” if its indicator  $I_{1,CC}$  is equal to or less than  $TH_{I_{1,CC},y}$  or its indicator  $I_{1,SC}$  is equal to or less than  $TH_{I_{1,SC},y}$ .
23. The  $k^{\text{th}}$  DOE is considered to be in the “red zone” if its indicator  $I_{1,CC}$  is more than  $TH_{I_{1,CC},y}$  or its indicator  $I_{1,SC}$  is more than  $TH_{I_{1,SC},y}$ .

<sup>19</sup> Given that the A6.4 activity cycle procedure for A6.4 projects and A6.4 activity cycle procedure for A6.4 PoAs allow all subtypes of PRCs to be submitted together in a single submission, the submission shall be assessed as a whole, covering all subtypes of PRCs.

<sup>20</sup> Those issues across the subtypes of PRCs are included in the calculation of the indicator  $I_{2,PRC}$ .

## 5.2. Thresholds for indicator I<sub>2</sub>

24. For the indicators I<sub>2,REG</sub>, I<sub>2,ISS</sub> and I<sub>2,PRC</sub>, the respective thresholds are identified as follows:

- (a) When the number of review cases is higher than or equal to 3 in a given monitoring period, the DOE is considered to be:
  - (i) In the “green zone” if its indicator I<sub>2,REG</sub>, I<sub>2,ISS</sub> or I<sub>2,PRC</sub> is less than 0.6;
  - (ii) In the “yellow zone” if its indicator I<sub>2,REG</sub>, I<sub>2,ISS</sub> or I<sub>2,PRC</sub> is higher than or equal to 0.6 but less than 0.8;
  - (iii) In the “red zone” if its indicator I<sub>2,REG</sub>, I<sub>2,ISS</sub> or I<sub>2,PRC</sub> is higher than or equal to 0.8;
- (b) When the number of review cases is less than 3 in a given monitoring period, the DOE is considered to be:
  - (i) In the “green zone” if its indicator I<sub>2,REG</sub>, I<sub>2,ISS</sub> or I<sub>2,PRC</sub> is less than 6;
  - (ii) In the “yellow zone” if its indicator I<sub>2,REG</sub>, I<sub>2,ISS</sub> or I<sub>2,PRC</sub> is higher than or equal to 6 but less than 10;
  - (iii) In the “red zone” if its indicator I<sub>2,REG</sub>, I<sub>2,ISS</sub> or I<sub>2,PRC</sub> is higher than or equal to 10.

## 6. Monitoring periods

25. The performance of DOEs shall be monitored and the performance indicators calculated based on requests for registration and issuance for both A6.4 projects and A6.4 PoAs; requests for renewal of crediting period of A6.4 projects; requests for renewal of A6.4 PoA period; requests for inclusion of A6.4 CPs; requests for renewal of A6.4 CPs; and requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior-approval track submitted during monitoring periods of six months. Each year, a monitoring period starts on 1 January and ends on 30 June, followed by the next monitoring period, which starts on 1 July and ends on 31 December.
26. The secretariat shall gradually calculate the indicators at the end of the monitoring period as the requests become finalized.

## 7. Reporting on DOE performance

### 7.1. Types of reports

27. The secretariat shall prepare the following DOE performance monitoring reports:
- (a) A6.4-FORM-ACCR-026: DOE performance monitoring report to DOEs;
  - (b) A6.4-FORM-ACCR-027: DOE performance monitoring report to the A6.4 Supervisory Body and AEP;
  - (c) A6.4-FORM-ACCR-028: DOE performance monitoring report to the public.

28. DOEs may seek clarification from the secretariat on the content of the report to DOEs referred to in paragraph 27(a) above via a dedicated email address. The secretariat shall consider the clarification requests and provide responses.
29. In addition to the DOE performance monitoring reports, the secretariat shall prepare a biennial report containing a detailed analysis of the issues arising from the performance of DOEs, in particular any issues that highlight shortcomings in the existing standards or procedures. This report shall provide information to the Supervisory Body and assist it in developing or revising its workplans and those of its panels.

## **7.2. Frequency of reporting**

30. The secretariat shall prepare the DOE performance monitoring reports based on the data related to requests for registration and issuance for both A6.4 projects and A6.4 PoAs; requests for renewal of crediting period of A6.4 projects; requests for renewal of A6.4 PoA period; request for inclusion of A6.4 CPs; requests for renewal of A6.4 CPs; and requests for approval of PRCs to A6.4 projects, A6.4 PoAs and A6.4 CPs under the prior approval-track finalized within seven months of the end of each monitoring period. The secretariat shall issue the DOE performance monitoring report no later than eight months after the end of the same monitoring period.

## **8. Actions to be undertaken based on DOE performance monitoring**

31. Based on the outcome of DOE performance monitoring, different actors shall take a set of actions as described in the paragraphs that follow.

### **8.1. Actions to be undertaken by DOEs**

32. If any of the DOE performance monitoring reports show that a DOE has reached the threshold for the indicators  $I_{1,CC}$  and/or  $I_{1,SC}$  or is in the yellow zone or red zone of indicators  $I_{2,REG}$ ,  $I_{2,ISS}$  or  $I_{2,PRC}$ , the DOE shall undertake a root-cause analysis to identify the causes of the deficiencies in its system and implement appropriate corrective and/or preventive actions to improve its performance.
33. The DOE shall be responsible for ensuring that corrective and/or preventive actions identified as a result of the root-cause analysis are adequate and address the identified issues in a systematic manner.
34. In addition to the measures as per paragraph 33 above and to ensure prompt action and effective measures at place, the DOEs shall undertake root cause analysis, corrections, corrective actions and preventative actions in accordance with the requirements specified in the "Standard: Article 6.4 accreditation", section 13.6 upon receipt of information of any unsuccessful validation or verification and certification submission by the secretariat and review raised by the Supervisory Body. For all such cases, within 45 days upon receipt of such notification by the secretariat, the DOEs shall submit evidence of all the actions taken to the secretariat through the dedicated e-mail address. The AEP shall consider the actions reported by the DOE at its next meeting and decide further measures.

## **8.2. Actions to be undertaken by the secretariat**

35. The information contained in the DOE performance monitoring reports shall be used to prepare the workplan of the regular surveillance assessment or the reaccreditation assessment, whichever is to be conducted earlier.
36. If the DOE performance monitoring reports corresponding to two consecutive monitoring periods show that a DOE has been in the red zone with regard to performance indicators  $I_{1,cc}$  or  $I_{1,sc}$ , the workplan shall include an instruction to the Assessment Team (AT) to assess whether the DOE has carried out a root-cause analysis as a result of the DOE performance monitoring and that the corrective and/or preventive actions identified were correctly undertaken in the next assessment. The AT shall report the result of this assessment in its assessment report.
37. If the DOE performance monitoring reports show that a DOE is in the yellow zone of indicator  $I_2$ , the workplan shall include an instruction for the AT to assess whether the corrective and/or preventive actions identified were correctly undertaken in the next assessment. The AT shall report the result of this assessment in its assessment report.
38. If the DOE performance monitoring reports show that a DOE is in the red zone for indicator  $I_2$ , the secretariat shall report the cases to the AEP in accordance with paragraph 43 below.

## **8.3. Actions to be undertaken by the Article 6.4 Accreditation Expert Panel**

39. Based on the data reported by the secretariat to the AEP, including instances where the Supervisory Body approved the requests but issues pertaining to the submissions identified by the Supervisory Body indicate a decline in the DOE performance in validation or verification, the AEP, at its next meeting or the subsequent meeting, shall decide on the number and type of performance assessments; the areas to be assessed during the performance assessments, regular on-site surveillance assessments and reaccreditation assessments; and/or any appropriate recommendation to the Supervisory Body supported by proper justification or the applicable provisions specified in the "Procedure: Article 6.4 accreditation". The Supervisory Body shall consider such a recommendation at its next meeting and decide on the course of action.

### **8.3.1. Number of performance assessments**

40. If the DOE performance monitoring reports show that a DOE is in the yellow zone for indicator  $I_{2,REG}$  or  $I_{2,ISS}$  in three consecutive monitoring periods, the AEP shall add one additional performance assessment to the number of planned performance assessments. The nature of this performance assessment shall be defined considering the process that reached the threshold, as follows:
  - (a) If the threshold is reached as a result of the registration process, a validation performance assessment shall be conducted;
  - (b) If the threshold is reached as a result of the issuance process, a verification performance assessment shall be conducted.
41. These performance assessments, when possible, shall be on the sectoral scopes and/or methodologies where the DOE recurrently fails to perform appropriately according to the results of the DOE performance monitoring reports.

42. The AEP shall reduce one performance assessment from those added performance assessments for a DOE in accordance with the “Article 6.4 accreditation procedure” when four consecutive monitoring periods show that the indicator  $I_{2,REG}$  or  $I_{2,ISS}$  has remained in the green zone.

#### **8.3.2. Activation of spot-checks**

43. The AEP shall initiate a spot-check of a DOE if the DOE is in the red zone of indicator  $I_2$  in the DOE performance monitoring report.

#### **8.4. Actions to be undertaken by the Supervisory Body**

44. The Supervisory Body, based on the information reported by the secretariat, shall take note of the performance of DOEs.
45. The Supervisory Body may also, based on the analysis provided by the secretariat, identify any measures to improve its regulatory framework.

**Appendix 1. Matrix for categorization of non-compliance issues – Requests for registration for both A6.4 projects and Article 6.4 mechanism programmes of activities (PoAs); requests for renewal of crediting period of Article 6.4 mechanism projects; requests for renewal of Article 6.4 mechanism PoA period; requests for inclusion of Article 6.4 mechanism component projects (CPs); and requests for renewal of A6.4 CPs**

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
<b>I</b>	Weight	<b>Issues related to reporting</b>															
1	1	Inconsistencies in the information presented in the documents															

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
2	1	Incomplete information/missing data															
3	1	Designated operational entity (DOE) has not fully reported how compliance with the requirements is being met.															
4	1	The latest project design document (PDD) template has not been used.															
<b>II</b>		<b>Issues related to failure to follow procedural requirements</b>															

<b>Criteria for classification of registration and issuance issues</b>			<b>Prior consideration</b>	<b>Compliance with the host Party's indication of activity type</b>	<b>Project description</b>	<b>Avoidance of double or revived registration</b>	<b>Selection of methodologies and standardized baselines and their applicability</b>	<b>Deviation from or revision of the selected methodology</b>	<b>Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan</b>	<b>Start date, crediting period type and duration</b>	<b>Environmental impacts, social impacts and sustainable development of co-benefits</b>	<b>Local or subnational stakeholder consultation complete</b>	<b>Global stakeholder consultation</b>	<b>Approval and authorization</b>	<b>Modalities of communication</b>	<b>Procedural and related requirements</b>	<b>Eligibility for inclusion of component projects</b>
1	4	The DOE did not raise a forward action request (FAR) during validation to identify issues related to project implementation that required review during the first verification of the A6.4 project or A6.4 programme of activity (PoA).															
2	4	The DOE raised a FAR that does not relate to the Article 6.4 mechanism requirements for registration															

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects	
3	2	<p>Corrective action request (CAR)/ clarification requests (CLs) in validation reports which are not closed out correctly:</p> <ul style="list-style-type: none"> <li>- Where the CAR resolution indicates that the PDD has been updated but it has not</li> <li>- Where a CAR/ CL is marked as closed without explanation</li> </ul>																

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
4	3	Failure to carry out the global stakeholder consultation in line with the Article 6.4 mechanism requirements															
5	4	Failure to visit project site or provide justification															
6	5	Failure to request a deviation from the methodology when non-compliance of the A6.4 project or A6.4 PoA with the requirements of the methodology has been identified															

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
III		<b>Technical correctness and accuracy issues with regard to failure to identify non-compliance with the Article 6.4 mechanism requirements</b>															
1	3	This subcategory includes cases for which the DOE has not precisely validated the A6.4 project or A6.4 PoA in accordance with the requirements of the A6.4 validation and verification standards for A6.4															

		<p>projects and PoAs, but the failure is not likely to alter the validation opinion:</p> <ul style="list-style-type: none"> <li>- Failure to ensure precise project start date where the change in the date does not impact additionality</li> <li>- Failure to fully validate all minor input values in an investment analysis</li> <li>- Failure to ensure that the common practice analysis has been conducted fully in accordance with the requirements</li> <li>- Failure to ensure that the approval of the host parties refers to the precise title of the proposed A6.4 project or A6.4 PoA</li> <li>- Failure to assess compliance with integrity safeguards, analysis of environmental impacts, social impacts and sustainable</li> </ul>																	
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Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
		development of co-benefits, and local and subnational stakeholder consultations															
2	4	<p>This subcategory includes cases for which the DOE has failed to ensure compliance with a requirement which may ultimately be resolved during verification/issuance:</p> <ul style="list-style-type: none"> <li>- The monitoring plan is incomplete</li> <li>- The validation report or PDD contains conflicting</li> </ul>															

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
		information regarding the baseline, which may lead to a request for review at issuance															
3	5	This subcategory includes cases for which the DOE's failure to ensure compliance with Article 6.4 mechanism requirements is likely to have an impact on the project's, or similar future projects', eligibility to receive the estimated quantity of Article 6,															

<b>Criteria for classification of registration and issuance issues</b>		<b>Prior consideration</b>	<b>Compliance with the host Party's indication of activity type</b>	<b>Project description</b>	<b>Avoidance of double or revived registration</b>	<b>Selection of methodologies and standardized baselines and their applicability</b>	<b>Deviation from or revision of the selected methodology</b>	<b>Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan</b>	<b>Start date, crediting period type and duration</b>	<b>Environmental impacts, social impacts and sustainable development of co-benefits</b>	<b>Local or subnational stakeholder consultation complete</b>	<b>Global stakeholder consultation</b>	<b>Approval and authorization</b>	<b>Modalities of communication</b>	<b>Procedural and related requirements</b>	<b>Eligibility for inclusion of component projects</b>
	<p>paragraph 4, emission reductions:</p> <ul style="list-style-type: none"> <li>- Errors in validation of additionality that would lead to a failure to identify non-additional projects</li> <li>- Failure to apply or the misapplication of the requirements of the methodology that would lead to a non-applicable methodology being applied or the baseline being incorrectly established</li> </ul>															

Criteria for classification of registration and issuance issues			Prior consideration	Compliance with the host Party's indication of activity type	Project description	Avoidance of double or revived registration	Selection of methodologies and standardized baselines and their applicability	Deviation from or revision of the selected methodology	Application of methodologies and standardized baselines, including project boundary, baseline scenario, additionality, risk of non-permanence, estimation of reduction and monitoring plan	Start date, crediting period type and duration	Environmental impacts, social impacts and sustainable development of co-benefits	Local or subnational stakeholder consultation complete	Global stakeholder consultation	Approval and authorization	Modalities of communication	Procedural and related requirements	Eligibility for inclusion of component projects
IV		Other issues, to analyse system-wide gaps and improve classification:															
1	0	Absence of requirement/guidance by the Supervisory Body															
2	0	Ambiguity of interpretation of requirements of methodology/guidance															

## Appendix 2. Matrix for categorization of non-compliance issues – requests for issuance for Article 6.4 mechanism projects and Article 6.4 mechanism programmes of activities

Categorization and weighting of issues identified in requests for issuance			Avoidance of double issuance	Project implementation and operation	Monitoring plan	Monitoring activities	Calibration frequency for measuring instruments	Data and calculation of emission reductions or net removals	Environmental impacts, social impacts and sustainable development co-benefits	Continuous engagement of stakeholders	Procedural and related requirements
<b>I</b>	Weight	<b>Issues related to reporting</b>									
1	1	This category includes errors covering: <ul style="list-style-type: none"> <li>- Inconsistencies in the information presented in the documents presented/information supplied</li> <li>- Incomplete information/missing data</li> <li>- DOE has not fully reported how the requirements are being complied with</li> </ul>									

Categorization and weighting of issues identified in requests for issuance			Avoidance of double issuance	Project implementation and operation	Monitoring plan	Monitoring activities	Calibration frequency for measuring instruments	Data and calculation of emission reductions or net removals	Environmental impacts, social impacts and sustainable development co-benefits	Continuous engagement of stakeholders	Procedural and related requirements
<b>II</b>		<b>Issues related to failure to follow procedural requirements</b>									
1	2	This subcategory covers: - Corrective action request (CAR)/clarification requests (CLs) in verification reports not appropriately closed out - Failure to follow up forward action request (FAR) from previous verification									
2	4	This subcategory covers failure to conduct a site visit as per the requirements of the verification process, or the provision of justification									

Categorization and weighting of issues identified in requests for issuance			Avoidance of double issuance	Project implementation and operation	Monitoring plan	Monitoring activities	Calibration frequency for measuring instruments	Data and calculation of emission reductions or net removals	Environmental impacts, social impacts and sustainable development co-benefits	Continuous engagement of stakeholders	Procedural and related requirements
3	4	<p>This subcategory covers:</p> <ul style="list-style-type: none"> <li>- Failure to submit changes as part of the request for issuance, if the changes are solely of the types listed in Appendix 2 of the activity cycle procedure for A6.4 projects and the activity cycle procedure for A6.4 PoAs</li> <li>- Failure to submit changes via the request for approval, if the changes do not fall within the types listed in Appendix 2 of the activity cycle procedure for A6.4 project and the activity cycle procedure for A6.4 PoAs</li> </ul>									
III		<p><b>Technical correctness and accuracy issues with regard to failure to identify non-compliance with Article 6.4 mechanism requirements</b></p>									

Categorization and weighting of issues identified in requests for issuance			Avoidance of double issuance	Project implementation and operation	Monitoring plan	Monitoring activities	Calibration frequency for measuring instruments	Data and calculation of emission reductions or net removals	Environmental impacts, social impacts and sustainable development co-benefits	Continuous engagement of stakeholders	Procedural and related requirements
1	3	<p>This subcategory covers basic verification to ensure the quality of required data measured and reported:</p> <ul style="list-style-type: none"> <li>- Failure to verify equipment/systems/protocols/procedures</li> <li>- Failure to cross-check reported data/no clear audit trail (data generating, aggregating, reporting)</li> <li>- Failure to identify calculation errors in the supporting documents/spreadsheets due to omissions or data transposition</li> </ul>									
2	4	<p>This subcategory covers failure to apply the conservativeness approach when required</p>									

Categorization and weighting of issues identified in requests for issuance			Avoidance of double issuance	Project implementation and operation	Monitoring plan	Monitoring activities	Calibration frequency for measuring instruments	Data and calculation of emission reductions or net removals	Environmental impacts, social impacts and sustainable development co-benefits	Continuous engagement of stakeholders	Procedural and related requirements
3	5	<p>This subcategory covers the following failures to correctly apply methodological requirements, which may lead to incorrect issuance of A6.4ERs:</p> <ul style="list-style-type: none"> <li>- Failure to verify installation of monitoring system as per the methodology</li> <li>- Parameters required by methodology not being monitored</li> <li>- Incorrect application of methodology and formulas, factors, and default values</li> </ul>									
<b>IV</b>		<b>Other issues, to analyse system-wide gaps and improve classification</b>									
1	0	Absence of requirement/guidance by the Supervisory Body									
2	0	Ambiguity of interpretation of requirements of methodology/guidance									

### Appendix 3. Matrix for categorization of issues identified in requests for approval of post-registration changes to Article 6.4 mechanism projects, Article 6.4 mechanism programmes of activities and Article 6.4 mechanism component projects under the prior-approval track

	Categorization and weighting of issues identified in requests for post-registration change	Weight	Temporary deviation from the registered monitoring plan, applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes to the registered monitoring plan or permanent deviation of monitoring from the applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes: changes to the project or programme design	Permanent changes: changes to the start date of the crediting period	Permanent changes: inclusion of monitoring plan	Permanent changes: corrections
I	Issues related to reporting							
1	This category includes errors covering: - Inconsistencies in the information presented in the documents/information supplied - Incomplete information/missing data - DOE has not fully reported how the requirements are being complied with - Situations where the revised PDD does not address all the required changes	1						

Categorization and weighting of issues identified in requests for post-registration change		Weight	Temporary deviation from the registered monitoring plan, applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes to the registered monitoring plan or permanent deviation of monitoring from the applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes: changes to the project or programme design	Permanent changes: changes to the start date of the crediting period	Permanent changes: inclusion of monitoring plan	Permanent changes: corrections
<b>II</b>	<b>Issues related to failure to follow procedural requirements</b>							
1	The DOE submitted an incorrect request, instead of the other applicable PRCs	3						
2	The DOE incorrectly requested an approval of change in start date of the crediting period more than once for each registered A6.4 project and A6.4 PoA	3						
3	Failure to visit the project site for a change in project design or provide justification	4						
<b>III</b>	<b>Technical correctness and accuracy issues with regard to failure to identify non-compliance with the Article 6.4 mechanism requirements</b>							
1	This subcategory includes cases (as follows) for which the DOE has not	3						

<p>precisely made the assessment of the PRC in accordance with the requirements of the VVS, although the failure is not likely to alter the assessment opinion:</p> <ul style="list-style-type: none"> <li>- Failure to determine the impact of proposed changes to emission reductions where the omission does not impact emission reductions</li> <li>- Failure to fully validate whether the request complies with the requirements of the applicable methodology</li> <li>- Failure to take into account the findings of previous verification reports</li> <li>- Failure to prevent reporting of conflicting information regarding the baseline, additionality, scale of the project, monitoring requirements, and emission reduction calculations in the assessment report or PDD, which may not change the final outcome/assessment opinion.</li> </ul>							
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Categorization and weighting of issues identified in requests for post-registration change	Weight	Temporary deviation from the registered monitoring plan, applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes to the registered monitoring plan or permanent deviation of monitoring from the applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes: changes to the project or programme design	Permanent changes: changes to the start date of the crediting period	Permanent changes: inclusion of monitoring plan	Permanent changes: corrections
<p>2</p> <p>This subcategory includes cases (as follows) for which the DOE's failure to ensure compliance with A6.4 requirements is likely to have an impact on this or similar future post-registration changes (PRCs), or the decision to issue the real quantity of A6.4ERs:</p> <ul style="list-style-type: none"> <li>- The request and the assessment report violate the requirements of the applicable methodology</li> <li>- Failure to identify technical issues which impact emission reductions and may lead to over-issuance of A6.4ERs</li> <li>- The assessment report incorrectly states that the changes ensure that the level of accuracy and completeness of the monitoring is not reduced</li> <li>- Failure to identify technical issues which may impact emission reductions baseline, additionality,</li> </ul>	4						

Categorization and weighting of issues identified in requests for post-registration change	Weight	Temporary deviation from the registered monitoring plan, applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes to the registered monitoring plan or permanent deviation of monitoring from the applied methodologies, standardized baselines or other methodological regulatory documents	Permanent changes: changes to the project or programme design	Permanent changes: changes to the start date of the crediting period	Permanent changes: inclusion of monitoring plan	Permanent changes: corrections
scale of the project, monitoring requirements and emission reduction calculations and will lead to non-compliance/possible rejection							

	<b>Weight</b>	<b>Temporary deviation from the registered monitoring plan, applied methodologies, standardized baselines or other methodological regulatory documents</b>	<b>Permanent changes to the registered monitoring plan or permanent deviation of monitoring from the applied methodologies, standardized baselines or other methodological regulatory documents</b>	<b>Permanent changes: changes to the project or programme design</b>	<b>Permanent changes: changes to the start date of the crediting period</b>	<b>Permanent changes: inclusion of monitoring plan</b>	<b>Permanent changes: corrections</b>
<b>IV</b>	<b>Other issues, to analyse system-wide gaps and improve classification</b>						
1	Absence of requirement/guidance by the Supervisory Body	0					
2	Ambiguity of interpretation of requirements of methodology/guidance	0					

## Appendix 4. Calculation of the threshold for indicators

### 1. Calculation of the threshold for indicator I<sub>1</sub>

1. The bootstrap method applied to establish the thresholds for indicators I<sub>1</sub>,CC and I<sub>1</sub>,SC comprises the following steps:
  - (a) Observe k subgroups of size n for a total of n\*k=N observations (k refers to the k<sup>th</sup> designated operational entity (DOE) and n to the number of submissions for each DOE);
  - (b) Draw a random sample of size n, with replacement, from the pooled sample of N observations. This sample,  $x^*1, x^*2, \dots, x^*n$ , is a bootstrap sample;
  - (c) Compute the sample mean ( $\overline{X^*}$ ) from the bootstrap sample drawn in step (b);
  - (d) Repeat steps (b)–(c) M times;
  - (e) Sort the M bootstrap estimates:  $\overline{X^*_1}, \overline{X^*_2}, \dots, \overline{X^*_M}$ ;
  - (f) Find the smallest ordered  $\overline{X^*}$  such that  $(1 - \alpha) * M$  values are below it, which is the threshold for indicators.
  - (g) It is required that:
    - (i) The size of the random samples in each group (i.e. monitoring periods) is the number of submissions in each monitoring period;
    - (ii) The value of M is 10,000;
    - (iii) The value of  $\alpha$  is 0.05;
    - (iv) The maximum of five years of historical data before the end of the given monitoring period are applied.

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<sup>1</sup> The value of M (10,000) is selected based on the standard recommended by the scientific community in order to avoid bias between the real population and the bootstrapping result. The value of  $\alpha$  (0.05) is the most-used threshold applied in the scientific literature, and the historical data period is to stabilize the indicator. Therefore, the effectiveness of these values in improving the quality of validation and verification processes should be analysed during the inception of the implementation of this procedure for a duration of no less than two years.

## 2. Calculation of indicator $I_2$

2. Indicator  $I_2$  is to calculate the risk priority number (RPN) value, which comprises the following steps:

- (a) Weight of frequency for issues of each type raised ( $F_j$ ):
  - (i) Count the number of issues of each type identified and rank them from lowest to highest;
  - (ii) Transform the rank into a 5-scale system;
  - (iii) Determine the square root of 5-scale values, which is the value of  $F_j$ ;
  - (iv) Note that:
    - a. The term “j” indicates issues of each type raised as per the categorization listed in appendices 1 to 3;
    - b. If the number of issues is repeated for two different types, then these two issues get the minor value on the scale between these two types of issues;
    - c. The frequency of issues of each type raised is derived from at least five monitoring periods from the past. If the number of request for review cases is less than 20, the past monitoring periods shall be extended further to ensure there are at least 20 request for review cases. This historical frequency is used to establish the RPN mean value;
    - d. If the number of review cases is less than 3 in a given monitoring period, the value of  $F_j$  is defaulted to 1 while calculating the average RPN value;
- (b) Weights of criticality for issues of each type ( $C_j$ ): Respective weights for classification of issues are defined in appendices 1 to 3;
- (c) RPN calculation:
  - (i) Multiply  $F_j$  by  $C_j$  with number of issues raised ( $N_j$ ) to calculate the RPN value for each request for review cases;
  - (ii) Calculate the RPN mean value from each request for review RPN values;
  - (iii) Note that for the indicator  $I_2$ , if the number of review cases is 2 for the  $k^{\text{th}}$  DOE in a given monitoring period (i.e. under the category of less than 3), the average RPN values of these 2 cases will be used as the indicator  $I_2$  for the  $k^{\text{th}}$  DOE;
  - (iv) Note that for the indicator  $I_2$ , as referred in the footnotes 13, 15 and 17 in main body of this procedure, where the  $k^{\text{th}}$  DOE has requests higher than or equal to 3, but this DOE is the only DOE having the request cases in a given monitoring period, the average RPN values of those request cases will be used as the indicator for the  $k^{\text{th}}$  DOE.

**3. Example of the indicator  $I_2$  by applying the request for issuance submissions**

3. Table 1 below is an example of the application of provisions specified in section 2 above. There are 30 requests for review raised in a given monitoring period. Based on the respective values of  $C_j$ ,  $F_j$  and  $N_j$  from each request for review case, the respective RPN value for each case can be calculated, from which the RPN mean value (i.e. 11.17) can be established.

**Table 1. Example of case scenario**

		<b>Number of issues (Nj) raised under the categorization of 5 non-compliance items (C1: Implementation of the A6.4 projects or A6.4 PoAs; C2: Compliance of the monitoring plan with the monitoring methodology; C3: Compliance of monitoring with the monitoring plan, C4: Assessment of data and calculation of greenhouse gas emission reductions; and C5: Procedural and related requirements) and their corresponding 9 weight items (I.1, II.1–3, III.1–3 and IV. 1–2) of each issue as per Appendix 2 for request for issuance submissions</b>												
		C5	C3	C5	C5	C1	C4	C4	C1	C2	C3	C4	C5	
PA/PoA No.	DOE	I.1	I.1	II.3	II.3	III.1	III.1	III.2	III.3	III.3	III.3	III.3	IV.1	RPN
1	A											1		11.18
2	A	1			1					1				18.39
3	B	1												1.73
4	C											1	1	11.18
5	D				1		1							11.00
6	A											1		11.18
7	A										1			11.18
8	A										1			11.18
9	E											1		11.18
10	A			1										4.00
11	F				1									8.00
12	G											1		11.18
13	H										1			11.18
14	I					1					1			17.18
15	I					1					1			17.18
16	I					1					1			17.18
17	J								1					5.00
18	D											1		11.18
19	A										1			11.18
20	K							1						4.00

		<b>Number of issues (Nj) raised under the categorization of 5 non-compliance items (C1: Implementation of the A6.4 projects or A6.4 PoAs; C2: Compliance of the monitoring plan with the monitoring methodology; C3: Compliance of monitoring with the monitoring plan, C4: Assessment of data and calculation of greenhouse gas emission reductions; and C5: Procedural and related requirements) and their corresponding 9 weight items (I.1, II.1–3, III.1–3 and IV. 1–2) of each issue as per Appendix 2 for request for issuance submissions</b>												
		C5	C3	C5	C5	C1	C4	C4	C1	C2	C3	C4	C5	
21	J										1			11.18
22	B										1			11.18
23	A											1		11.18
24	A											1		11.18
25	A											1		11.18
26	L		1								1			13.18
27	H		1									1		13.18
28	M									1		1		19.84
29	N		1								1	1		24.36
30	N											1		11.18
	Mean													11.77
	Total no. issues (Nj)	2	3	1	3	3	1	1	1	2	11	13	1	
	5-scale ranking	3	4	1	4	4	1	1	1	3	5	5	1	
	Freq. weights (Fj)	1.7	2.0	1.0	2.0	2.0	1.0	1.0	1.0	1.7	2.2	2.2	1.0	
	Criticality weights (Cj)	1	1	4	4	3	3	4	5	5	5	5	0	

4. Table 2 below illustrates the conclusion of the performance monitoring outcome as follows:

- (a) Both DOE I and DOE A have the number of review cases higher than or equal to 3 during the monitoring period (i.e. 3 and 10 requests for review raised for DOE I and DOE A, respectively), and therefore both DOE I and DOE A apply the threshold specified as per paragraph 24(a) of this procedure. The conclusions of the performance monitoring are as follows:
- (i) All 3 requests for review cases by DOE I have the same RPN value (i.e. 17.18, 17.18 and 17.18), which is above the RPN mean value (i.e. 11.77). The proportion of cases over the RPN mean value (i.e. 1, which is due to all 3 cases being above the RPN mean value) is higher than 0.8, so the DOE I is in the red zone;
- (ii) DOE A has 10 request for review cases and only 1 project (i.e. project no. 2), whose RPN value (i.e. 18.39) is higher than the RPN mean value (i.e. 11.77). The proportion of cases over the RPN mean value (i.e. 0.1, since there is only 1 case out of 10 that is higher than the RPN mean value) is lower than 0.6, so DOE A is below the yellow zone;
- (b) The other 12 DOEs have less than 3 request for review cases, and therefore the threshold is defined as per paragraph 24(b) of this procedure. The conclusions of the performance monitoring are as follows:
- (i) DOE M's RPN value (i.e. 10) is equal to 10 and therefore it is in the red zone;<sup>2</sup>
- (ii) DOE L's RPN value (i.e. 6) is equal to 6 and therefore it is in the yellow zone;
- (iii) DOE N's RPN value (i.e. 8) is higher than 6 but lower than 10, and therefore it is in the yellow zone.

**Table 2. Example of performance monitoring outcome**

DOE	No. request for review cases	No. cases over RPN mean value	% cases over RPN mean value	Result (If cases $\geq$ 3)		Result (If cases $<$ 3)		
				Red zone	Yellow zone	Avg. RPN	Red zone	Yellow zone
<b>M</b>	1	1	100%	NA	NA	10	Warning	Warning
<b>G</b>	1	0	0%	NA	NA	5	NA	NA
<b>L</b>	1	1	100%	NA	NA	6	NA	Warning
<b>I</b>	3	3	100%	Warning	Warning	NA	NA	NA
<b>K</b>	1	0	0%	NA	NA	4	NA	NA
<b>D</b>	2	0	0%	NA	NA	6	NA	NA
<b>B</b>	2	0	0%	NA	NA	3	NA	NA

<sup>2</sup> DOE M has one case (project/programme of activities no. 28) with two raised issues. One issue (i.e.  $N_j = 1$ ) with a weight of criticality of 5 (i.e.  $C_j = 5$ ) was raised under category C2.III.3 and one issue (i.e.  $N_j = 1$ ) with a weight of criticality of 5 (i.e.  $C_j = 5$ ) was raised under category C4.III.3. Therefore, the RPN is 10 ( $= 1 \times 5 + 1 \times 5$ ).

DOE	No. request for review cases	No. cases over RPN mean value	% cases over RPN mean value	Result (If cases ≥ 3)		Result (If cases < 3)		
				Red zone	Yellow zone	Avg. RPN	Red zone	Yellow zone
<b>C</b>	1	0	0%	NA	NA	5	NA	NA
<b>N</b>	2	1	50%	NA	NA	8	NA	Warning
<b>E</b>	1	0	0%	NA	NA	5	NA	NA
<b>J</b>	2	0	0%	NA	NA	5	NA	NA
<b>H</b>	2	1	50%	NA	NA	5.5	NA	NA
<b>A</b>	10	1	10%	OK	OK	NA	NA	NA
<b>F</b>	1	0	0%	NA	NA	4	NA	NA

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### Document information

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