

**A6.4-SB005-AA-A04**

## Concept note

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# Development of Article 6.4 mechanism accreditation standards and procedures

Version 02.0



**United Nations**  
Framework Convention on  
Climate Change

| <b>TABLE OF CONTENTS</b>                                                                                                                                                    | <b>Page</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>1. PROCEDURAL BACKGROUND.....</b>                                                                                                                                        | <b>4</b>    |
| <b>2. PURPOSE .....</b>                                                                                                                                                     | <b>5</b>    |
| <b>3. KEY ISSUES AND PROPOSED SOLUTIONS .....</b>                                                                                                                           | <b>5</b>    |
| 3.1. Overview of the CDM accreditation system.....                                                                                                                          | 5           |
| 3.2. Outline of the CDM accreditation standard.....                                                                                                                         | 7           |
| 3.3. Outline of the CDM accreditation procedure.....                                                                                                                        | 8           |
| 3.4. Other procedure .....                                                                                                                                                  | 9           |
| 3.5. Level of alignment of the CDM accreditation systems with other GHG<br>validation and verification schemes .....                                                        | 11          |
| 3.5.1. General.....                                                                                                                                                         | 11          |
| 3.5.2. Level of alignment of the CDM accreditation standard<br>(version 7.0) with ISO 17029 .....                                                                           | 11          |
| 3.5.3. Level of alignment of the CDM accreditation procedure<br>(Version 16.0) with other GHG Validation and Verification<br>Schemes .....                                  | 14          |
| 3.6. DOE/AIE Coordination Forum inputs .....                                                                                                                                | 16          |
| 3.7. Overall assessment of the CDM accreditation system .....                                                                                                               | 17          |
| 3.8. Temporary solutions to addressing availability of Article 6.4 mechanism<br>DOEs .....                                                                                  | 19          |
| 3.9. Proposed solutions.....                                                                                                                                                | 19          |
| <b>4. IMPACTS.....</b>                                                                                                                                                      | <b>20</b>   |
| <b>5. SUBSEQUENT WORK AND TIMELINES.....</b>                                                                                                                                | <b>20</b>   |
| <b>6. RECOMMENDATION TO THE SUPERVISORY BODY .....</b>                                                                                                                      | <b>20</b>   |
| <b>APPENDIX 1. LISTS OF AES AND DOES .....</b>                                                                                                                              | <b>21</b>   |
| <b>APPENDIX 2. LEVEL OF ALIGNMENT OF THE CDM ACCREDITATION<br/>STANDARD (VERSION 07.0) WITH ISO 17029:2019 .....</b>                                                        | <b>23</b>   |
| <b>APPENDIX 3. FEEDBACK PROVIDED BY CDM-AP AND CDM-ATS ON THE<br/>CDM ACCREDITATION STANDARD (VERSION 07.0) AND THE<br/>CDM ACCREDITATION PROCEDURE (VERSION 16.0).....</b> | <b>27</b>   |
| <b>APPENDIX 4. LEVEL OF ALIGNMENT OF THE CDM ACCREDITATION<br/>PROCEDURES (VERSION 16.0) WITH KEY GHG VALIDATION<br/>AND VERIFICATION SCHEMES.....</b>                      | <b>29</b>   |

|                    |                                                                                                                                                                                   |           |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>APPENDIX 5.</b> | <b>PROS AND CONS OF, AND JUSTIFICATION FOR, PROPOSED AMENDMENTS TO THE CDM ACCREDITATION STANDARD AND PROCEDURE TO FACILITATE THEIR USE UNDER THE ARTICLE 6.4 MECHANISM .....</b> | <b>32</b> |
| <b>APPENDIX 6.</b> | <b>A SYSTEM TO ALLOW CDM DOES TO ACT AS ARTICLE 6.4 MECHANISM DOES .....</b>                                                                                                      | <b>37</b> |

## 1. Procedural background

1. Paragraph 5(d) of decision 3/CMA.3, adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its third session, requested the Supervisory Body of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism) to review the accreditation standards and procedures of the clean development mechanism (CDM) with a view to applying them with revisions, as appropriate, for the Article 6.4 mechanism by the end of 2023. Additionally, paragraph 5(e) of decision 3/CMA.3 requested that the Supervisory Body expeditiously accredit operational entities as designated operational entities (DOEs). The secretariat has prepared the concept note in accordance with the workplan of the Supervisory Body for 2022–2023,<sup>1</sup> which indicates:
  - (a) The draft and final versions of accreditation standards and procedures will be considered by the Supervisory Body at its seventh and eighth meeting in 2023, respectively;
  - (b) The process to expeditiously accredit operational entities is to be considered by the Supervisory Body at its seventh to eighth meetings in and beyond 2023.
2. At its fourth meeting (SB 004), the Supervisory Body considered the concept note “Development of Article 6.4 mechanism accreditation standards and procedures (version 01.0)”,<sup>2</sup> and provided the following feedback to be taken into account in the next iteration of the concept note to be considered by the Supervisory Body at SB 005:
  - (a) Conduct further analysis on concept of liabilities from ISO 17029 to be applied for the Article 6.4 mechanism accreditation standard;
  - (b) Consider the need for competence requirements to be included in the Article 6.4 mechanism accreditation standard taking into account the relevant provisions in the rules, modalities and procedures for the Article 6.4 mechanism (RMP), including, among others, the validation and verification of the sustainable development tool (SD tool) for the Article 6.4 mechanism;
  - (c) Provide pros and cons of and justification for the proposed amendments resulting from the different elements under the CDM and other greenhouse gas validation and verification schemes;
  - (d) Provide comparison in terms of implementation of the CDM accreditation requirement versus proposed recommendations related to Article 6.4 mechanism accreditation requirements; and
  - (e) Share the revised concept note with the Applicant Entities and Designated Operational Entities Coordination Forum in advance of SB 005 to seek their input.

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<sup>1</sup> Available at: <https://unfccc.int/sites/default/files/resource/a64-sb004-a01.pdf>.

<sup>2</sup> As contained in document A6.4-SB004-AA-A07 available at: <https://unfccc.int/sites/default/files/resource/a64-sb004-aa-a07.pdf>.

## **2. Purpose**

3. This concept note is to present:

- (a) A review of the latest version of the CDM accreditation standard (version 07.0) and the CDM accreditation procedure (version 16.0) and to propose possible areas of improvement/revision of these documents with a view to applying them for the accreditation process under the Article 6.4 mechanism;
- (b) Propose options related to expeditiously accrediting operational entities as Article 6.4 mechanism DOEs.

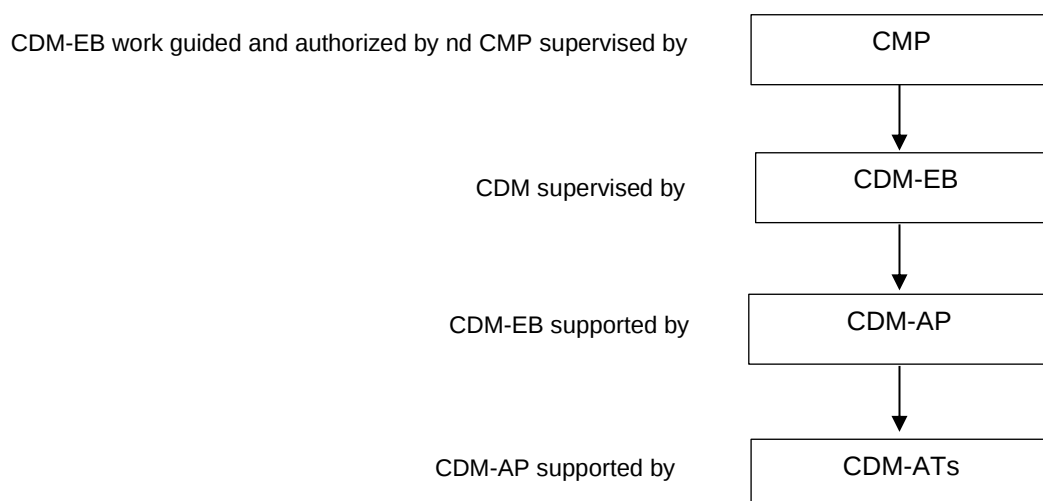
## **3. Key issues and proposed solutions**

### **3.1. Overview of the CDM accreditation system**

- 4. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) established the basis of the regulatory framework for the accreditation of operational entities under the CDM, as contained in its decisions 3/CMP.1, 4/CMP.1, 5/CMP.1, 6/CMP.1 and 7/CMP.1. Pursuant to the mandate from the CMP, the CDM Executive Board (hereinafter referred to as the Board) adopted various regulatory documents necessary for the operationalization of the CDM accreditation system, including the “CDM accreditation standard” (hereinafter referred to as the Standard) and the “CDM accreditation procedure” (hereinafter referred to as the Procedure).
- 5. The CDM accreditation system has a three-layer governance structure: the CMP, the Board and the CDM Accreditation Panel (CDM-AP). The CMP designates operational entities to function as DOEs under the CDM and suspends and withdraws their designation, based on a recommendation by the Board. The Board monitors performance of DOEs through various assessments and takes decisions on whether to maintain, suspend or withdraw their accreditation. The CDM-AP serves as the technical panel under the guidance of the Board and considers the results of accreditation assessments of operational entities applying for accreditation (applicant entities or AEs) and DOEs conducted by CDM assessment teams (CDM-ATs).<sup>3</sup> A CDM-AT for each accreditation assessment is composed of experts drawn from a roster of experts maintained by the CDM-AP. The line of responsibility of the CMP, Board, CDM-AP and CDM-ATs is illustrated in figure 1 below.

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<sup>3</sup> See appendix 1 for details of the four applicant entities and 28 designated operational entities under the clean development mechanism.

**Figure 1. Line of responsibility of the CMP, CDM-EB, CDM-AP and CDM-ATs**

6. The CDM accreditation system includes three document types: standard, procedure and form.<sup>4</sup> Standards are designed to achieve a uniform approach to compliance with the CDM modalities and procedures and procedures contain a mandatory series of actions that must be undertaken. Standards and procedures describe provisions in the CDM accreditation process that must be followed, are recommended or are permitted, indicated through the use of the words “shall”, “should” and “may”, respectively.<sup>5</sup> Forms provide structure in the way required information is collected at the various stages specified in the Procedure. This concept note covers standards and procedures only (i.e. sub-paragraphs (a) and (b) below). Revision of the other accreditation related documents (i.e. sub-paragraphs (c) – (f)) will proceed once the contents of the accreditation standard and accreditation procedure for the Article 6.4 mechanism are approved by the Supervisory Body. The CDM accreditation documents, illustrated in figure 2, include:

- (a) CDM accreditation standard (version 07.0);<sup>6</sup>
- (b) CDM accreditation procedure (version 16.0);<sup>7</sup>
- (c) Standard for applicability of sectoral scopes (version 01.0);<sup>8</sup>
- (d) Procedure on performance monitoring of DOEs (version 05.0);<sup>9</sup>

<sup>4</sup> See CDM Executive Board decision and documentation framework (CDM-EB47-A61-INFO) available at: [https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20150529122719486/Info\\_Note02.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20150529122719486/Info_Note02.pdf).

<sup>5</sup> The word “Shall” is used to indicate requirements to be followed; “Should” is used to indicate that among several possibilities, one course of action is recommended as particularly suitable; and “May” is used to indicate what is permitted.

<sup>6</sup> See section 3.2 for more information.

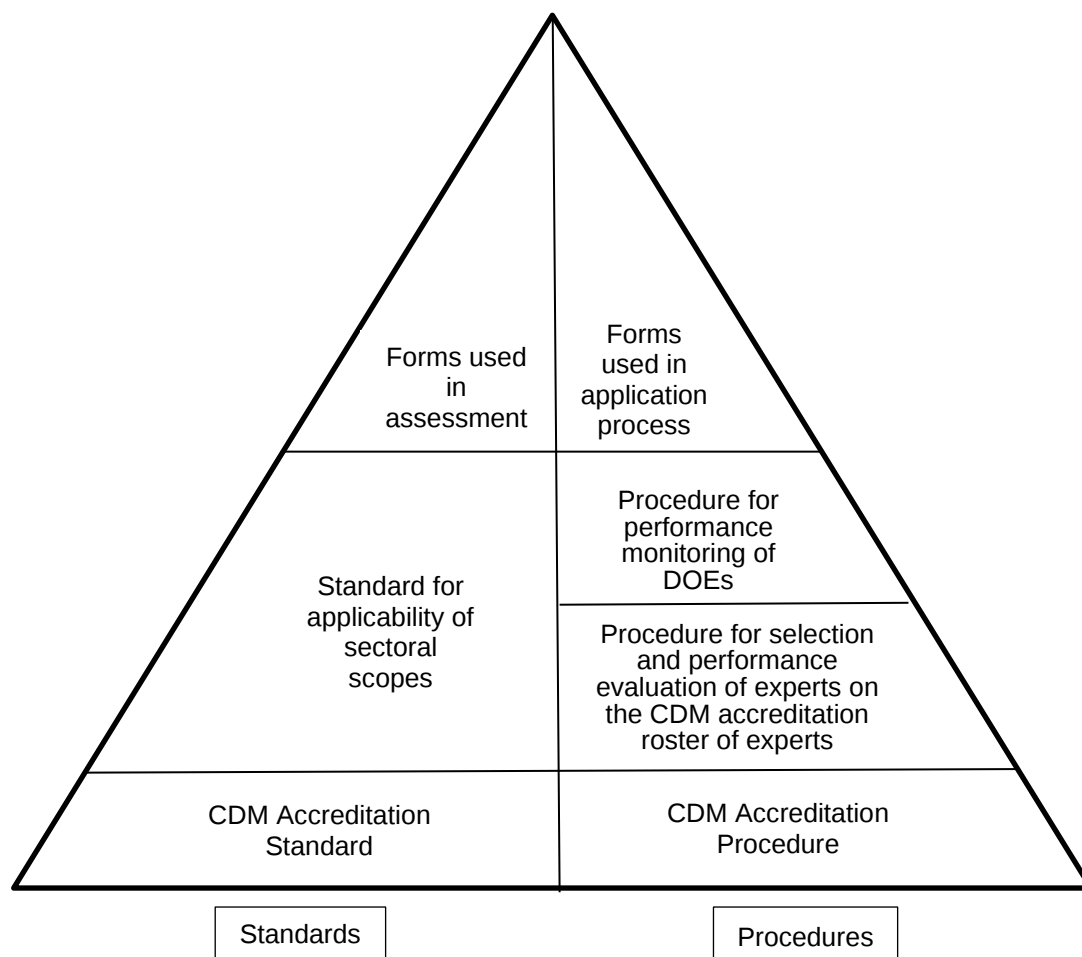
<sup>7</sup> See section 3.3 for more information.

<sup>8</sup> The appendix 2 to the Standard contains a description and explanation of the sectoral scopes and the Standard for applicability of sectoral scopes sets out the rules for determining the relevant sectoral scopes of the applied methodology in which the validating or verifying/certifying DOE shall be accredited.

<sup>9</sup> See section 3.4 for more information.

- (e) Procedure for selection and performance evaluation of experts on the CDM accreditation roster of experts (version 01.0);<sup>10</sup>
- (f) Forms used in the CDM accreditation process.<sup>11</sup>

**Figure 2. A pyramidal map of the CDM accreditation related documents**



### 3.2. Outline of the CDM accreditation standard

7. The Standard sets out the requirements for AEs to become accredited and DOEs to remain accredited under the CDM. It covers (a) the general management system, such as legal status, liability and finance, entity management, safeguarding impartiality, human resources and competence, information management, the quality management system

<sup>10</sup> The procedure describes criteria and processes for managing the accreditation roster of experts (members of which are assigned to CDM-ATs) to ensure transparency and standardization in selection, appointment and performance evaluation of accreditation experts in line with the “Terms of Reference of the CDM roster of experts”.

<sup>11</sup> There are 24 forms, specified in appendix 2 to the Procedure, for use at different stages of the CDM accreditation process, such as: application for accreditation and reaccreditation, CDM-AT establishment, initial accreditation assessment, regular on-site surveillance assessment, performance assessment, review of CDM-AP recommendation, complaint against a DOE, review of non-conformity and DOE annual activity reporting.

and complaint, dispute and appeal handling process, and (b) the validation and verification/certification process, such as establishment, performing and reviewing their validation and verification/certification functions in accordance with CMP requirements, the validation and verification standard, and other relevant decisions of the Board.<sup>12</sup>

### 3.3. Outline of the CDM accreditation procedure

8. The Procedure describes the steps for an AE to become accredited and for a DOE to maintain its accreditation status under the CDM. The CDM-AT follows the accreditation processes specified in the Procedure to assess the DOE's capacity and competence against the Standard. The key procedural steps are assessment application, completeness check, workplan preparation, CDM-AT appointment, conducting assessment, implementing root-cause analysis, correction and corrective actions if any nonconformity is raised, consideration by the CDM-AP and consideration by the Board. The Procedure describes the required steps and their respective timelines for all the assessment types as illustrated in figure 3 and explained below:<sup>13</sup>
  - (a) Initial accreditation—conducted to assess an AE's documented system and its competence and operational capacity to perform validation and verification/certification functions, and after an on-site assessment in which the AE has demonstrated compliance with all CDM accreditation requirements, the accreditation shall be granted to the AE for validation and verification/certification functions in the sectoral scope(s) in which the AE has demonstrated its competence;
  - (b) Regular on-site surveillance assessment—conducted to assess whether the systems, competence and operational capability of the DOE continue to meet CDM accreditation requirements over the five-year accreditation term;
  - (c) Performance assessment—conducted to assess the implementation of the systems of the DOE and its competence in an accredited sectoral scope through an assessment of a specific validation or verification/certification activity over the five-year accreditation term;<sup>14</sup>
  - (d) Extension of sectoral scopes assessment—a DOE may apply for accreditation for additional sectoral scopes at any time within its five-year accreditation term and the procedural steps are similar to those required for an initial accreditation assessment (the differences are in the timelines specified for the steps in the application and assessment stages);

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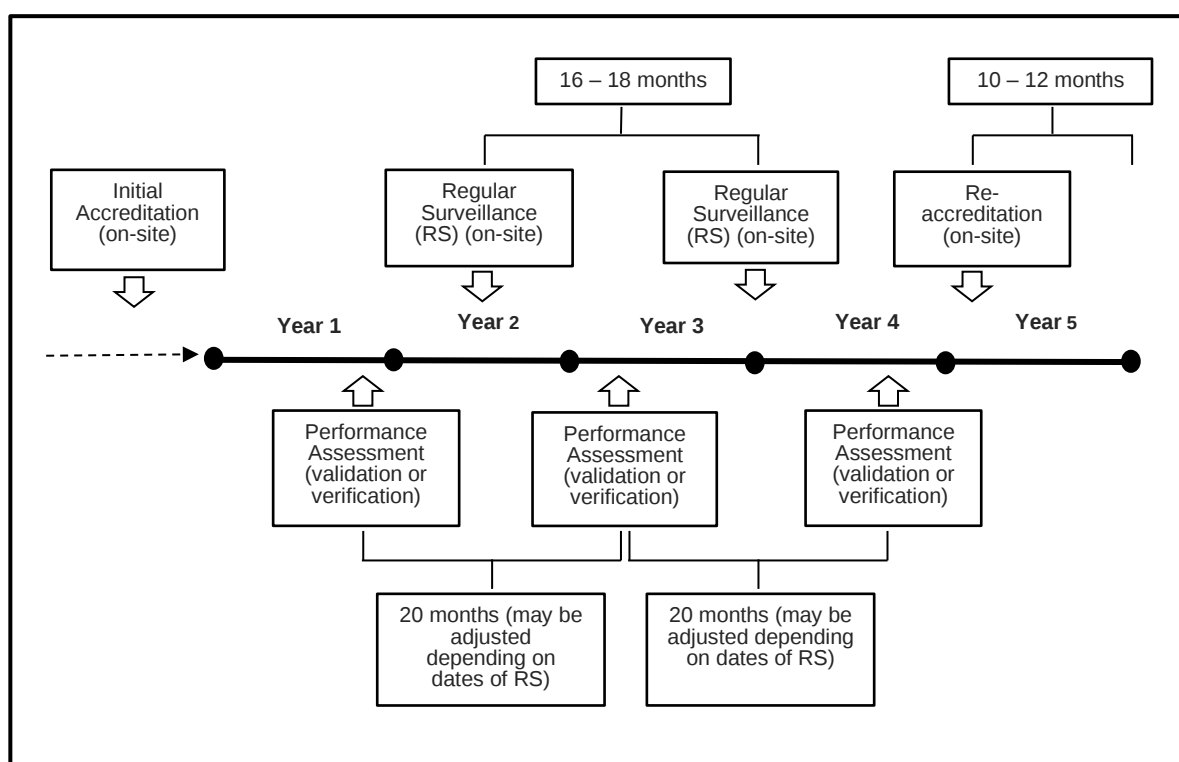
<sup>12</sup> The Standard has undergone many major and minor revisions since its initial adoption on 25 March 2009 based on recommendations of the CDM-AP and/or the secretariat based on experience gained and feedback from CDM-ATs and DOEs. The latest version (version 07.0) was adopted on 1 March 2018.

<sup>13</sup> The Procedure has undergone many major and minor revisions since its initial adoption on 8 August 2002 based on recommendations of the CDM-AP and/or the secretariat based on experience gained and feedback from CDM-ATs and DOEs. The latest version (version 16.0) was adopted on 11 March 2022.

<sup>14</sup> The Procedure provides for the launch of five performance assessments during the five-year accreditation term, and for additional assessments depending on the volume of work. The Board at EB 93 considered the CDM market condition and agreed to a minimum of three mandatory performance assessments in the five-year accreditation term. This decision has been reviewed every two years and the latest term of validity runs until 28 May 2024.

- (e) Spot-check—the Board may conduct a spot-check of a DOE at any time during its accreditation term. A spot-check may be triggered by the review process conducted by the Board on a request for registration or request for issuance submitted by the DOE, information received from a third party on possible inadequate performance of the DOE in its validation or verification/certification activities, or in response to a recommendation made by the CDM-AP;
- (f) Re-accreditation assessment—a DOE that wishes to be re-accredited after expiry of an accreditation term shall apply for re-accreditation and the procedural steps are similar to those required for an initial accreditation assessment (the differences are in the timelines specified for the steps in the application and assessment stages).

**Figure 3. Timeline of CDM accreditation assessments**



### 3.4. Other procedure

9. In addition to the Procedure, the “Procedure on performance monitoring of designated operational entities (version 05.0)” is used to monitor, classify and rate non-compliances identified in requests submitted by DOEs. The objective of the procedure is to:<sup>15</sup>

- (a) Set out the process and requirements to monitor the performance of DOEs to ensure that the performance of DOEs meets the accreditation requirements;

<sup>15</sup> The types of requests include: requests for registration and issuance for both project activities and programmes of activities (PoAs), requests for renewal of crediting period of project activities, requests for renewal of PoA period, requests for approval of post-registration changes of both project activities and PoAs under the prior-approval track, and notifications of changes to component project activities.

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- (b) Foster improvement of the performance of DOEs and provide the Board and the CDM-AP with tools for informed decision-making on actions in the accreditation process;
  - (c) Foster system-side improvements via identification of issues where guidance or requirements lack clarity or are non-existent.
10. Three indicators are used in monitoring performance of DOEs at various stages:
- (a) Indicator  $I_1$ :
    - (i)  $I_{1,CC}$  at completeness check;<sup>16</sup>
    - (ii)  $I_{1,IRC}$  at information and reporting check;<sup>17</sup>
  - (b) Indicator  $I_2$ :
    - (i)  $I_{2,REG}$  at request for review for request for registration;<sup>18</sup>
    - (ii)  $I_{2,ISS}$  at request for review for request for issuance;<sup>19</sup>
  - (c) Indicator  $I_3$ : at the stage of clarification and rejection of request for approval of post registration changes.<sup>20</sup>
11. Each year, a monitoring period starts on 1 January and ends on 30 April, followed by a monitoring period that starts on 1 May and ends on 31 August, followed by the final

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<sup>16</sup> The indicator  $I_{1,CC}$  is to monitor the following types of requests: requests for registration and issuance for both project activities and PoAs, requests for renewal of crediting period of project activities, requests for renewal of PoA period, requests for approval of post registration changes to both project activities and PoAs under the prior-approval track, and notifications of changes to component project activities. It is calculated as the number of requests concluded as incomplete at completeness check divided by the number of requests submitted which have completed the project cycle.

<sup>17</sup> The indicator  $I_{1,IRC}$  is to monitor the following types of requests: requests for registration and issuance for both project activities and PoAs, requests for renewal of crediting period of project activities, and requests for renewal of PoA period. It is calculated as the number of requests concluded as incomplete at information and reporting check divided by the number of requests submitted which have completed the project cycle.

<sup>18</sup> The indicator  $I_{2,REG}$  is to monitor the following types of requests: requests for registration for both project activities and PoAs, requests for renewal of crediting period of project activities, and requests for renewal of PoA period. It is to calculate the values of risk priority number (RPN) resulted from requests for review raised for requests for registration and the proportion values of the RPN values over the RPN mean values.

<sup>19</sup> The indicator  $I_{2,ISS}$  is to monitor the requests for issuance for both project activities and PoAs. It is to calculate the values of RPN resulted from requests for review raised for requests for issuance and the proportion values of the RPN values over the RPN mean values.

<sup>20</sup> The indicator  $I_3$  is to monitor the requests for approval of post registration changes to both project activities and PoAs under the prior-approval track, and notifications of changes to component project activities. It is to calculate the values of RPN resulted from requests for clarification and rejected requests and the proportion values of the RPN values over the RPN mean values.

monitoring period, which starts on 1 September and ends on 31 December. Based on the performance monitoring outcomes, assessed by the secretariat, actions shall be taken by:

- (a) **DOEs**—If a DOE has reached a threshold described in an indicator, the DOE shall undertake a root-cause analysis of deficiencies in its system and implement corrective and/or preventative actions to improve its performance;
- (b) **Secretariat**—The secretariat shall prepare a workplan of regular surveillance assessment or re-accreditation assessment based on the DOE's performance monitoring outcomes;
- (c) **CDM-AP**—Based on a DOE's performance monitoring outcomes, the CDM-AP shall decide on the number of subsequent performance assessments required and the areas to be assessed, during the performance assessment, regular surveillance assessments and re-accreditation assessments and/or make recommendations in accordance with the Procedure. Additionally, the CDM-AP shall initiate a spot-check if the DOE breaches a prescribed limit described as a "red zone" threshold of indicators  $I_2$  and  $I_3$ ;
- (d) **Board**—The Board shall take note of the performance of DOEs and may identify measures to improve the mechanism's regulatory framework.

### **3.5. Level of alignment of the CDM accreditation systems with other GHG validation and verification schemes**

#### **3.5.1. General**

- 12. This section compares the CDM accreditation system and its Standard and the Procedure with accreditation systems under other greenhouse gas (GHG) validation and verification schemes.

#### **3.5.2. Level of alignment of the CDM accreditation standard (version 7.0) with ISO 17029**

- 13. The Standard has similar accreditation requirements as those applied by other GHG validation and verification schemes. Most other GHG validation and verification schemes refer to ISO 17029:2019 "Conformity assessment – General principles and requirements for validation and verification bodies", which is applicable to validation and verification bodies in any sector and contains general principles and requirements for competence, consistent operation and impartiality of bodies performing validation and verification as conformity assessment activities (a detailed comparative analysis is contained in appendix 2).<sup>21</sup> The differences include:
  - (a) ISO 17029:2019 describes the principles of validation and verification and generic requirements for validation and verification bodies. To make the standard operational, a GHG scheme must define the rules and procedures for carrying out validation and verification activities in a specific sector. Whereas, in addition to the Standard, the CDM has established a robust validation and verification/certification regulatory framework, including the "CDM validation and verification standard for project activities" (VVS-PA), and the "CDM validation and verification standard for programmes of activities" (VVS-PoA);

<sup>21</sup> International Accreditation Forum policy document (IAF PL 3:2022) and IAF MLA Status 18/10/2022 indicate the ISO 17029:2019 as a level three standard which is to be applied by validation and verification bodies while conducting the level two validation and verification accreditation activity.

- (b) ISO 17029:2019 requires that validation and verification bodies document a management system covering at least six management areas.<sup>22</sup> Whereas, the Standard has prescriptive minimum requirements for DOEs, which also requires a DOE to establish its own documented procedures, not only for its management systems but for all other requirements;<sup>23</sup>
  - (c) ISO 17029:2019 describes the principles of the risk-based approach for validation and verification. It clarifies that the principles are not a requirement, but that they should be applied by bodies to guide decisions that sometimes need to be made in unanticipated situations. The Standard includes requirements relating to financial risk and impartiality risk, but it does not provide the principles of the risk-based approach for DOEs to take into account the risks associated with performing validation and verification/certification activities;<sup>24</sup>
  - (d) ISO 17029:2019 requires validation and verification bodies to demonstrate the risks that may arise from their validation and verification activities and make adequate arrangements to cover liabilities resulting from such risks including the geographic areas where they operate. Although the Standard has a similar provision, it focuses on financial risks arising from a DOE's validation and verification/certification functions and does not include the requirement that a DOE cover the risks in all geographic areas where it operates.<sup>25</sup> It is important to incorporate the liability requirements specified in the Standard to the Article 6.4 accreditation standard along with additional requirements arising from ISO 17029:2019, to ensure the coverage of all liabilities arising from the risks associated with validation and verification/certification activities conducted worldwide.
14. Additional competence requirements will need to be established in the Article 6.4 accreditation standard to cover those activities that require validation and/or verification/certification under the Article 6.4 mechanism but which are not included or do not require validation and/or verification/certification under the CDM (e.g. SD tool).
15. In view of the above analysis, the Standard can be considered a prescriptive document since it not only provides accreditation requirements for DOEs but also refers to the validation and verification/certification requirements to be specified in the validation and verification standards (VVS-PA and VVS-PoA). However, to adapt the Standard for use in

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<sup>22</sup> These six areas are: policies and responsibilities, management review, internal audits, corrective actions, actions to address risks and opportunities, and documented information.

<sup>23</sup> These additional requirements include: entity's management, safeguarding impartiality, human resources and competence, information management, validation, verification and certification process, quality management system, and complaint, dispute and appeal processes.

<sup>24</sup> The risk-based approach requires that validation and verification bodies take into account the risks associated with providing competent, consistent and impartial validation and verification activities. The risks can include, but are not limited to, those associated with: the objectives of the validation and verification, the compliance of the competence, consistency and real and perceived impartiality requirements, the issues related to legal, regulation and liability, and the level of assurance to be achieved.

<sup>25</sup> The annex to decision 3/CMP.1 specifies in its Appendix A that an operational entity under the clean development mechanism (CDM) shall have sufficient arrangements to cover legal and financial liabilities arising from its activities. Decision 3/CMA.3 has no such provision for the Article 6.4 mechanism.

the Article 6.4 mechanism, additional revisions are needed as summarized below (a detailed analysis is contained in appendix 5):

- (a) The following provisions from ISO 17029:2019 should be included in the accreditation standard for the Article 6.4 mechanism:
    - (i) Principles of the risk-based approach to be prescribed;
    - (ii) Coverage of all liabilities resulting from the risks arising from validation and verification/certification activities conducted worldwide;
  - (b) Additional competence requirements, taking into account relevant provisions in the RMP, including, amongst others, those related to validation and verification/certification of the SD tool of the Article 6.4 mechanism, shall be included in the Article 6.4 mechanism accreditation standard.<sup>26</sup>
16. In addition, it is proposed to consider the latest feedback provided by the CDM-AP and CDM-ATs on the current version of the Standard (version 07.0) as contained in appendix 3 and summarized below when adapting the Standard for use in the Article 6.4 mechanism:<sup>27</sup>
- (a) Introduce a provision of internal audit planning and scheduling as in ISO 19011 and enhance clarity on independence of an internal auditor;
  - (b) Enhance clarity on which records are to be kept permanently or disposed of after a required retention period;
  - (c) Enhance clarity on: (i) the functions that can be outsourced; and (ii) the requirements relating to outsourced entities and external resources;
  - (d) Consider providing flexibility on provisions of signing of a contract between a DOE and its client taking into account current market practice;
  - (e) Introduce: (i) a questionnaire approach as a means to collect feedback required in paragraph 157(d) of the Standard; and (ii) a provision for a DOE to get feedback from its client(s) on the areas of competence of the DOE's staff and the impartiality of and processes followed by the DOE;
  - (f) Enhance clarity on the type and level of detail of information to be made public by DOEs;
  - (g) Enhance clarity on how to conduct liability analysis, impartiality analysis, evaluation of adequacy of the competence criteria, and review of effectiveness of the process of safeguarding impartiality;
  - (h) Introduce a requirement relating to the process for dealing with judicial process.

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<sup>26</sup> In the case of validation and verification of SD tool, the competence requirements specified in ISO 14065:2020 "General principles and requirements for bodies validating and verifying environmental information" which provides the competence requirements for bodies validating and verifying environmental and sustainable development information can be aligned.

<sup>27</sup> The timing to revise the Standard in the current CDM practice is based on magnitude and urgency of the inputs received; otherwise, the revisions of the Standard are made once certain amount of inputs are collected. The latest inputs provided by the CDM-ATs and CDM-AP in 2022 which have not yet been incorporated into the latest versions of the Standard are proposed to be included in the standard and procedure for the Article 6.4 mechanism.

### 3.5.3. Level of alignment of the CDM accreditation procedure (Version 16.0) with other GHG Validation and Verification Schemes

17. The Procedure has an accreditation process that is similar to those applied by other GHG validation and verification schemes (a detailed comparative analysis is contained in appendix 4). The differences include:
  - (a) A review of the accreditation procedures established by other GHG schemes found that the classification of sectoral scopes is varied, as each GHG validation and verification scheme has its own approach to such classification. Under the CDM, an AE may apply for accreditation in one or more sectoral scopes for its validation and verification/certification functions among the 16 sectoral scopes defined in the Standard. As well, the standard for applicability of sectoral scopes (version 01.0) specifies the linkage between each baseline and monitoring methodology and one or more specific sectoral scopes from the 16 sectoral scopes. If under the Article 6.4 mechanism any change is made to the classification of sectoral scopes or any methodologies are consolidated (and new methodologies for removal or mitigation are developed and approved by the Supervisory Body that have not been classified under the current CDM classification of sectoral scopes), the change will be reflected in both the accreditation standard and accreditation procedure for the Article 6.4 mechanism;
  - (b) The frequency of conducting regular surveillance assessment under the CDM is two times within the five-year accreditation term, which is less than the other GHG schemes (annually) analysed here. However, it can be considered that there is not much difference in effect, since the re-accreditation assessment under the CDM has to start at the end of the fourth year within the five-year accreditation term;
  - (c) A performance assessment of a DOE is conducted after granting accreditation to the DOE to assess implementation of the DOE's systems and its competence in accredited sectoral scopes through assessments of specific validation and verification/certification activities. A validation or verification/certification activity for a performance assessment is selected randomly without prior notification to a DOE, to assess the real performance of the DOE;
  - (d) The risk assessment principle and the provision of conducting assessments remotely are provided in ISO 17011:2017, which can be applied at the assessment planning stage by accreditation bodies. The Procedure does not include provision for a risk-based approach and has limited flexibility in taking into account risks associated with accreditation assessments (i.e. only for regular surveillance assessment).
18. Both the China National Accreditation Service for Conformity Assessment and the India National Accreditation Board for Certification Bodies have a committee to support their decision-making processes on accreditation. In the CDM accreditation system, the Board takes decisions based on recommendations made by the CDM-AP, which serves as a technical panel. The CDM-AP considers the results of accreditation assessments conducted by members of the Accreditation Roster of Experts (ARoE) in making its recommendations to the Board.
19. In view of the analysis above, the Procedure is comprehensive and comparable to the processes applied by other GHG validation and verification schemes, and can be effectively used for the Article 6.4 mechanism. It contains the necessary requirements and sets out the decision-making process to accredit AEs and maintain the accreditation of

DOEs. However, additional revisions are required to adapt the accreditation procedure for use in the Article 6.4 mechanism. The following are proposed revisions (a detailed analysis is contained in appendix 5):

- (a) Principles and provisions on risk and remote assessment specified in ISO 17011:2017, are important to be included in the accreditation procedure for the Article 6.4 mechanism:
    - (i) Principles of the risk-based approach when planning assessments;
    - (ii) Allowing remote assessment for all types of assessment;
  - (b) It is proposed that an Article 6.4 Accreditation Panel be established, according to the criteria listed below, to provide recommendations on accreditation cases for the Supervisory Body's consideration:
    - (i) The Article 6.4 Accreditation Panel, serving as a technical panel under the guidance of the Supervisory Body will consider the results of accreditation assessments of AEs/DOEs conducted by members of the ARoE and provide recommendations to the Supervisory Body on accreditation status of, or related actions for, AEs/DOEs, and make decisions on matters as defined in the Article 6.4 accreditation procedure;
    - (ii) The Article 6.4 Accreditation Panel will be chaired by two members/alternates of the Supervisory Body;
    - (iii) The Article 6.4 Accreditation Panel will comprise five members drawn from the Article 6.4 roster of accreditation experts;
    - (iv) The Article 6.4 roster of accreditation experts, to serve as the Article 6.4 Accreditation Panel member, may be grouped into two types of specialized expertise, technical expertise having experiences and knowledge in the activity cycle and accreditation expertise having experience and knowledge in a national, regional or international accreditation body or in third-party certification activities;
    - (v) The secretariat will work with the Article 6.4 Accreditation Panel and a final recommendation will be made by the Article 6.4 Accreditation Panel for consideration by the Supervisory Body;
    - (vi) The operationalization of the Article 6.4 Accreditation Panel and the process related to the appointment of ARoEs is to be linked to the Supervisory Body's future workplan.
20. In addition, it is proposed to consider the latest feedback provided by the CDM-AP and CDM-ATs on the current version of the Procedure (version 16.0), as contained in appendix 3 and summarized below, when adapting the Procedure for use in the Article 6.4 mechanism:<sup>28</sup>

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<sup>28</sup> The timing to revise the Procedure in the current CDM practice is based on magnitude and urgency of the inputs received; otherwise, the revisions of the Procedure are made once certain amount of inputs are collected. The latest inputs provided by the CDM-ATs and CDM-AP in 2022 which have not yet been incorporated into the latest versions of the Procedure are proposed to be included in the accreditation procedure for the Article 6.4 mechanism.

- (a) Ensure appendix 1 to the Procedure covers all the documents DOEs are required to provide at the application stage for all assessment types;
  - (b) Include an option to conduct assessments remotely for all assessment types;
  - (c) Align the requirements of a DOE's central office in the Procedure, Standard and form "Declaration of other offices performing validation and verification/certification functions" (CDM-DOO-FORM);
  - (d) Consider including a provision for raising major and minor non-conformities and observations;
  - (e) Introduce a provision in the form for on-site assessment report (CDM-OAR-FORM) to verify the corrective actions taken after the previous accreditation assessment;
  - (f) Consider providing flexibility in the assessment timeline in cases where numerous non-conformities are raised;
  - (g) Revisit the flow and structure of payments to the CDM-ATs.
21. Further to section 3.4 above, the procedure on performance monitoring of designated operational entities (version 05.0) complements the Procedure, given that based on the performance monitoring outcomes, the CDM-AP can decide on (a) the focused areas to be assessed during forthcoming assessments, (b) increasing or reducing the number of performance assessments, (c) initiation of a spot-check and/or (d) any appropriate recommendation in accordance with the Procedure.

### 3.6. DOE/AIE Coordination Forum inputs

22. A draft of this revised concept note was sent to the Designated Operational Entity/Accredited Independent Entity Coordination Forum (the Forum) for consultation during the period 12–25 April 2023. The Forum conveyed that the concept note is an excellent summary of the actual conditions, with a clear presentation of strengths, weaknesses and risk. Three of the Forum's inputs related to liability, competence and establishment of an Article 6.4 Accreditation Panel are summarized and presented in table 1 below.<sup>29</sup>

**Table 1. Summary of inputs from the Designated Operational Entity/Accredited Independent Entity Coordination Forum**

| No. | Summary of inputs received                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Coverage of all liabilities: It should be noted that when closing any liability insurance, it is necessary for the insurance company (besides the to-be-insured DOE) to assess the associated risks of the activities. As there is not yet any experience regarding potential new risks by the application of Art 6.4, no insurance company will be able to determine what is understood under "all liabilities". In order to avoid any burden to stakeholders, it is recommended to suggest a limitation of expected insurance coverage, e.g. a factor (3/5/10/...) multiplied by the expected annual turnover of DOE business. |
| 2   | Additional competence requirements: We recommend keeping it simple at the launch of Art 6.4., thus not creating unsurmountable hurdles before gaining experience. It might be sufficient stating only one additional competence, which is the understanding of Art 6.4. specifics (like the assessment of double-counting towards NDCs). New technical areas might appear soon (in                                                                                                                                                                                                                                               |

<sup>29</sup> All inputs provided by the Forum presented in the table 1 are documented as received.

| No. | Summary of inputs received                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | particular in relation to carbon removals), however, these amendments are technical issues which are independent from the mechanism. Adding only “Art 6.4. competence” as a further requirement will ease the transfer of CDM accreditation to Art 6.4. or even the maintenance of both accreditation in an overlapping period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 3   | Establishment of an Article 6.4 Accreditation Panel: It is questioned whether there is a need to create a new AP, only because of the support structure at UNFCCC. Wouldn't it better and more cost efficient and effective by creating a “flexible mechanism AP” supporting accreditation under Art 6.4, CDM and JI (which is effectively already handed over to CDM AP)? This would avoid time-consuming and costly accreditation assessments, all following almost the same work program of the assessors, assessing the skills and competences of auditors used in one or both schemes and a management system of a DOE covering anyway all operations. It will further offer the opportunity to have an AP immediately installed (the CDM AP members and optionally some new applicants). It also offers synergies at DOE side as well as at the AT/AP side, thus giving potential to lower so-called “transaction costs”. |

23. The following is a proposed response to the Forum's inputs (see table 1, above):

- (a) Coverage of all liabilities: This input suggests having a guidance on how to calculate the liabilities. This input will be taken into account in the drafting of the Article 6.4 mechanism accreditation standards once the Supervisory Body agrees with the concept note;
- (b) Additional competence requirements: This input suggests an approach to the additional competence requirements to be established in the Article 6.4 mechanism accreditation standard. This input will be taken into account in the drafting of the Article 6.4 mechanism accreditation standard, once the Supervisory Body agrees with the concept note;
- (c) Establishment of an Article 6.4 Accreditation Panel: This input pertains to whether there is a need to create a new Article 6.4 accreditation panel or if the current CDM accreditation panel can be utilized as the Article 6.4 accreditation panel. It should be noted that the Supervisory Body has already established the Article 6.4 roster of accreditation experts, which can serve as the basis for the formation of the Article 6.4 accreditation panel as proposed in this concept note. Therefore, the decision on how to form the Article 6.4 accreditation panel will need to be made by the Supervisory Body, taking into account various factors such as the Article 6.4 roster of accreditation experts, the current CDM accreditation panel, and any other decisions made by the Supervisory Body.

### 3.7. Overall assessment of the CDM accreditation system

24. The Board established the CDM-AP to support it in the establishment and implementation of the standards and procedures for accreditation of operational entities. The CDM-AP, composed of national accreditation body experts and CDM technical experts, provides advice and recommendations to the Board on improvement of the accreditation system, and that feedback has been reflected in the Standard and the Procedure through seven and 16 major revisions, respectively. The provisions in the Standard and the Procedure are detailed and prescriptive in nature and are the result of a learning-by-doing approach. The CDM accreditation system is cost-effective for various types of accreditation

assessments and includes clear accreditation requirements to be met by DOEs, as summarized below:

- (a) The accreditation term is five years, which includes one initial accreditation assessment, two regular on-site surveillance assessments and a minimum of three performance assessments. A re-accreditation assessment is conducted if a DOE wishes to be re-accredited for a subsequent five-year accreditation term. Thus, the CDM accreditation system functions with relatively few assessments required for granting and maintaining accreditation, which makes the CDM accreditation system cost-effective;<sup>30</sup>
  - (b) The CDM accreditation system contains provisions that require DOEs to establish their own documented procedures based on prescribed minimum requirements and to apply those minimum requirements in validating/verifying compliance of CDM project activities and programmes of activities as per the “CDM project standard for project activities” (PS-PA), “CDM project standard for programmes of activities” (PS-PoA) and various applicable tools, guidance and methodologies, through validation and verification/certification activities conducted in accordance with the VVS-PA and VVS-PoA. The CDM includes comprehensive regulations applied throughout the CDM project life cycle; therefore, all actors involved are able to know the requirements before they take action at each step. This up-front regulations-setting complements the accreditation process as the requirements for compliance and quality of project activities and PoAs are shifted, up front, to the design and implementation stages of the project cycle, allowing for fewer accreditation assessments.
25. In view of the above, although the Standard and the Procedure include detailed requirements, they cannot prescribe for all unanticipated situations. Therefore, it is important to include a risk-based approach in the accreditation standard and accreditation procedure for the Article 6.4 mechanism. Additionally, this transition is an opportunity for improvement, which to be realized will require consideration of feedback from the CDM-ATs and CDM-AP.

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<sup>30</sup> The Procedure has been revised several times to reflect the number of assessments needed and the timing of those assessments during the five-year accreditation term through the decisions listed below:

- (a) The Board at its seventy-fourth meeting (EB 74) decided to extend the accreditation term from three years to five years and to adjust the regular on-site surveillance assessment frequency from one regular on-site surveillance assessment (applicable in the three-year term) to two regular on-site assessments within the new five-year accreditation term (implemented since 2013);
- (b) The Procedure provides for the launch of five performance assessments during the five-year accreditation term, and for additional assessments depending on the volume of work. However, the Board at EB 93 considered the CDM market condition and agreed to a minimum of three mandatory performance assessments in the five-year accreditation term, as a cost-saving approach on a temporary basis. This decision has been reviewed every two years since 23 February 2017 (latest term of validity runs until 28 May 2024);
- (c) The Board at EB 46 decided to replace witnessing activities conducted before granting accreditation for sectoral scopes applied for in the initial accreditation assessment with performance assessments conducted after granting of accreditation (implemented since 2009).

### **3.8. Temporary solutions to addressing availability of Article 6.4 mechanism DOEs**

26. The Supervisory Body's workplan in 2023, aims to operationalize the Article 6.4 mechanism activity cycle and the process for transitioning CDM activities to the Article 6.4 mechanism by the end of 2023. For both, Article 6.4 mechanism DOEs have an important role of validation or verification/certification. Considering the current absence of Article 6.4 mechanism DOEs and the time required to accredit entities in accordance with the Article 6.4 mechanism accreditation standard and procedure yet to be developed, based on this concept note, it is essential to find a temporary solution to make available a reasonable number of Article 6.4 mechanism DOEs by the time the Article 6.4 mechanism activity cycle becomes operational. Considering that the role of Article 6.4 mechanism DOEs is expected to be similar to that of CDM DOEs, three major options are proposed to address the urgent need for Article 6.4 mechanism DOEs in time for the operationalization of the Article 6.4 mechanism activity cycle (detailed analysis is contained in appendix 6):

- (a) Option 1: Allow CDM DOEs to act as Article 6.4 mechanism DOEs, without any accreditation assessment. These DOEs would be permitted to carry out validation and/or verification/certification activities under the Article 6.4 mechanism. However, once the Article 6.4 accreditation process becomes operational, these DOEs will be subject to accreditation assessments under the Article 6.4 accreditation process starting with initial accreditation assessment, should they wish to conduct further work under the Article 6.4 mechanism;
- (b) Option 2: Allow CDM DOEs to act as Article 6.4 mechanism DOEs if they pass a simplified accreditation assessment (e.g. desk review focusing on the differences between the CDM and Article 6.4 accreditation standards). Once the Article 6.4 accreditation process becomes operational, these DOEs will be subject to accreditation assessments under the Article 6.4 accreditation process, starting with initial accreditation assessment, should they wish to conduct further work under the Article 6.4 mechanism;
- (c) Option 3: Allow CDM DOEs to act as Article 6.4 mechanism DOEs, until the end of their current accreditation term under the CDM and by that time fully rely on the accreditation assessments and the DOEs' status under the CDM accreditation process. Upon expiry of their current accreditation term under the CDM, these DOEs shall apply for the Article 6.4 accreditation process, starting with initial accreditation assessment, to continue to act as Article 6.4 mechanism DOEs, should they wish to conduct further work under the Article 6.4 mechanism.

### **3.9. Proposed solutions**

27. There are similarities between the roles of DOEs under the CDM and the Article 6.4 mechanism. Because of this, and based on the analysis above, it can be concluded that:

- (a) Few changes would be required to adapt the Standard and Procedure for use in the Article 6.4 mechanism, while also presenting an opportunity to improve them. To develop an accreditation standard and procedure for the Article 6.4 mechanism, it is proposed that:
  - (i) The majority of the requirements from the Standard and the Procedure be transposed to the accreditation standard and procedure for the Article 6.4 mechanism; and

- (ii) Revisions be incorporated as proposed in paragraphs 15, 16, 19, 20 and 23;
- (b) In the absence of Article 6.4 mechanism DOEs, three options have been proposed in paragraph 26 to address their availability and enable progress under the Article 6.4 mechanism activity cycle.

## **4. Impacts**

28. The analysis and proposal above provide information for the Supervisory Body to consider in its review of:
- (a) The accreditation standards and procedures of the CDM and upon which to decide their application, with revisions, as appropriate, for the Article 6.4 mechanism;
  - (b) The options to address availability of Article 6.4 mechanism DOEs and to advance the work related to the Article 6.4 mechanism activity cycle.

## **5. Subsequent work and timelines**

29. The secretariat will draft:
- (a) An accreditation standard and accreditation procedure for the Article 6.4 mechanism based on guidance from the Supervisory Body and present these drafts to the Supervisory Body at its seventh meeting for its consideration;
  - (b) A proposed plan on how to allow CDM DOEs to act as Article 6.4 mechanism DOEs based on the option approved by the Supervisory Body and present this plan to the Supervisory Body at its seventh meeting for its consideration.

## **6. Recommendation to the Supervisory Body**

30. The secretariat recommends that the Supervisory Body consider the information and proposal presented in section 3.9 above and provide guidance on how to adapt the Standard and Procedure to apply them under the Article 6.4 mechanism and how to allow CDM DOEs to act as Article 6.4 mechanism DOEs.

## Appendix 1. Lists of AEs and DOEs

1. Table 1 and table 2 below list the four applicant entities (AEs) and 28 designated operational entities (DOEs), respectively, under the clean development mechanism, including sectoral scopes applied for by the AEs and accredited for in the case of the DOEs, and country location of the entities' central office.

**Table 1. List of AEs**

| Reference No. | Entity                                                    | Country          | Sectoral scope for validation/verification |
|---------------|-----------------------------------------------------------|------------------|--------------------------------------------|
| E-0074        | Instituto Nacional de Tecnología Industrial (INTI)        | Argentina        | 1-16                                       |
| E-0075        | Beijing Carbon Brilliant Technology Ltd. (CBT)            | China            | 1-3, 14                                    |
| E-0076        | BSI Pacific Limited (BSI PL)                              | Hong Kong, China | 1-16                                       |
| E-0077        | Beijing United Intelligence Certification Co., Ltd (UICC) | China            | 1-9, 12, 13                                |

**Table 2. List of DOEs**

| Reference No. | Entity                                                                  | Country           | Sectoral scope for validation/verification |
|---------------|-------------------------------------------------------------------------|-------------------|--------------------------------------------|
| E-0001        | Japan Quality Assurance Organization (JQA)                              | Japan             | 1, 3-5, 10, 13, 14                         |
| E-0005        | TÜV SÜD South Asia Private Limited (TÜV SÜD)                            | India             | 1, 3-5, 7, 10, 11, 13-15                   |
| E-0006        | Deloitte Tohmatsu Sustainability, Co., Ltd. (DTSUS)                     | Japan             | 1-3, 5, 10, 12, 13, 15                     |
| E-0009        | Bureau Veritas India Pvt. Ltd. (BVI)                                    | India             | 1-5, 7-10, 12-15                           |
| E-0021        | AENOR INTERNACIONAL, S.A.U. (AENOR)                                     | Spain             | 1-15                                       |
| E-0022        | TÜV NORD CERT GmbH (TÜV NORD)                                           | Germany           | 1-16                                       |
| E-0024        | Colombian Institute for Technical Standards and Certification (ICONTEC) | Colombia          | 1-3, 7, 13, 14                             |
| E-0025        | Korean Foundation for Quality (KFQ)                                     | Republic of Korea | 1-5, 9, 11, 13, 15                         |
| E-0032        | LGAI Technological Center, S.A. (LGAI Tech. Center S.A)                 | Spain             | 1, 3, 13                                   |
| E-0034        | China Environmental United Certification Center Co., Ltd. (CEC)         | China             | 1-15                                       |
| E-0037        | RINA Services S.p.A. (RINA)                                             | Italy             | 1-7, 9-11, 13-15                           |
| E-0039        | Korean Standards Association (KSA)                                      | Republic of Korea | 1-5, 9, 10, 13-15                          |
| E-0044        | China Quality Certification Center (CQC)                                | China             | 1-15                                       |
| E-0046        | China Classification Society Certification Company (CCSC)               | China             | 1-10, 13, 14                               |
| E-0047        | CEPREI certification body (CEPREI)                                      | China             | 1-5, 8-10, 13, 15                          |
| E-0051        | KBS Certification Services Pvt. Ltd (KBS)                               | India             | 1-5, 7-10, 12-15                           |

| Reference No. | Entity                                                                       | Country            | Sectoral scope for validation/verification |
|---------------|------------------------------------------------------------------------------|--------------------|--------------------------------------------|
| E-0052        | Carbon Check (India) Private Ltd. (Carbon Check)                             | India              | 1, 3-5, 9, 10, 13, 14                      |
| E-0054        | Re Carbon Gözetim Denetim ve Belgelendirme Limited Sirketi (Re Carbon)       | Turkey             | 1-3, 13, 15                                |
| E-0056        | Korea Testing & Research Institute (KTR)                                     | Republic of Korea  | 1, 3-5, 11, 13                             |
| E-0061        | Shenzhen CTI International Certification Co., Ltd (CTI)                      | China              | 1-15                                       |
| E-0062        | EPIC Sustainability Services Pvt. Ltd. (EPIC)                                | India              | 1-16                                       |
| E-0065        | China Building Material Test and Certification Group Co. Ltd. (CTC)          | China              | 1-6, 9-11, 13-16                           |
| E-0066        | Earthood Services Private Limited (Earthood)                                 | India              | 1, 3-7, 9, 10, 13-15                       |
| E-0067        | China Certification Center, Inc. (CCCI)                                      | China              | 1-15                                       |
| E-0069        | 4K Earth Science Private Limited (4KES)                                      | India              | 1-3, 5, 6, 12-15                           |
| E-0071        | Ampere for Renewable Energy (Ampere)                                         | Jordan             | 1, 3, 13                                   |
| E-0072        | PONY Testing International Group Co., Ltd. (Pony Test)                       | China              | 1-15                                       |
| E-0073        | Limited Liability Company Small Innovative Enterprise "NES Profexpert" (NES) | Russian Federation | 1, 3-5, 10, 14                             |

## Appendix 2. Level of alignment of the CDM accreditation standard (Version 07.0) with ISO 17029:2019

1. The clean development mechanism (CDM) accreditation standard (Version 07.0) (the Standard) sets out the requirements for applicant entities (AEs) to become accredited and designated operational entities (DOEs) and then to remain accredited. The objective of the Standard is to contribute to the accreditation of competent and impartial DOEs. In addition to the Standard, the ISO 17029:2019 “Conformity assessment – General principles and requirements for validation and verification bodies” is referred to by various GHG schemes as a basis for accreditation criteria for validation and verification bodies (VVBs), such as the China National Accreditation Service for Conformity Assessment (CNAS) and India National Accreditation Board for Certification Bodies (NABCB).<sup>1</sup> The European Union Emissions Trading System (EU ETS) verification scheme also provides a comprehensive overview highlighting the relation with ISO 17029.<sup>2</sup> Therefore, the ISO 17029:2019 is selected for the alignment with the Standard as summarized in the table 1 below.

**Table 1. Alignment of the CDM accreditation standard (Version 07.0) and ISO 17029:2019**

| No. | ISO 17029:2019                                                                                                                                                                                                                                                                   | CDM accreditation standard (Version 07.0) (the Standard)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Level of alignment                                                                                                     |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1   | Section 4 provides principles applied for validation and verification (VV) process and principles for validation and verification bodies (VVBs), such as impartiality, competence, confidentiality, openness, responsibility, responsiveness to complaints, risk-based approach. | Instead of providing principles to be applied by designated operational entities (DOEs), the Standard provides the requirements for DOEs to follow, such as impartiality, competence, confidentiality and complaint, dispute and appeal processes. Additionally, the “CDM validation and verification standard for project activities” (VVS-PA) and the “CDM validation and verification standard for programmes of activities” (VVS-PoA) specify principles of independence, ethical conduct, fair presentation and due professional care. | The requirements are similar. The Standard does not have a provision relating to the principle of risk-based approach. |

<sup>1</sup> Please refer to the documents: CNAS–CV01 Conformity assessment – General Principles and Requirements for Validation and Verification Bodies and CNAS–EV-001:2022 Validation and Verification Bodies Transition Instructions issued by the CNAS; and BCB–165 accreditation criteria for validation and verification bodies issued by the NABCB.

<sup>2</sup> Please refer to the documents: AVR Explanatory Guidance (EGD I), AVR Key Guidance Note No. II.8, and EA document for accreditation of Verification Bodies for the purpose of EU ETS Directive applied for EU ETS.

| No. | ISO 17029:2019                                                                                                                                                                                                                                    | CDM accreditation standard (Version 07.0) (the Standard)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Level of alignment                                                                                                                                                    |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2   | Section 5.1 legal entity requires a VVB to be a legal entity.                                                                                                                                                                                     | Section 6, legal status and matters requires that a DOE be a legal entity and not have any pending judicial process for malpractice, fraud and/or other activity incompatible with its function as a DOE.                                                                                                                                                                                                                                                                                                                                          | The requirement for a legal entity is similar. The Standard includes a requirement on pending judicial process.                                                       |
| 3   | Section 5.2 requires that a VVB be responsible and retain authority for its VV statements.                                                                                                                                                        | Section 6 requires a DOE to make decisions independently and section 8.2 requires that the DOE's top management have authority and are responsible for final decisions on validation and/or verification/certification (VVC) activities.                                                                                                                                                                                                                                                                                                           | The requirements are similar.                                                                                                                                         |
| 4   | Section 5.3 provides requirements on impartiality, including to monitor activities and relationships to identify threats and to take actions to respond to any threats identified.                                                                | Section 9, safeguarding impartiality, requires that a DOE ensure its integrity and work in a credible, independent, non-discriminatory and transparent manner. Additionally, a DOE shall have documented procedures for safeguarding impartiality via the policy level; at the organization level by having an impartiality committee; and at the operational level by analysing threats and identifying mitigation measures and to review effectiveness of the implementation of the safeguarding impartiality requirements at least once a year. | The requirements are similar. The Standard includes prescriptive requirements which are the basis for DOEs to establish their documented procedures.                  |
| 5   | Section 5.4 requires VVBs to evaluate the risks arising from their VV activities.                                                                                                                                                                 | Section 7.2 requires DOEs to analyse the nature, scale and impact of all potential financial risks and to have arrangements to cover the identified financial risks.                                                                                                                                                                                                                                                                                                                                                                               | The requirements are similar. The Standard focuses on financial risks arising from VVC functions; however, the Standard should be revised to cover all types of risk. |
| 6   | Section 6 provides requirements on the organization structure and top management and requires having a process for the effective control of VV activities through appropriate level, and competence of personnel and lines of management control. | Section 8 requires DOEs to have a management structure, assigned responsibilities and lines of authority of management and top management levels as well as to establish relevant documented procedures, including on how to operate any operational or supervisory committees involved. Further, Section 10 requires competence for management functions and requires that the management personnel be internal resources.                                                                                                                        | The requirements are similar. The Standard provides prescriptive requirements on responsibility and authority and requires establishment of documented procedures.    |
| 7   | Section 7.1 requires VVBs to have access to the resources needed for VV activities.                                                                                                                                                               | Section 7.1 requires that DOEs demonstrate their financial resources and stability and to regularly monitor their financial stability and resources required for VVC functions.                                                                                                                                                                                                                                                                                                                                                                    | The requirements are similar. The Standard requires regular monitoring of the resources needed for VVC functions.                                                     |

| No. | ISO 17029:2019                                                                                                                                                                                                                                                       | CDM accreditation standard (Version 07.0) (the Standard)                                                                                                                                                                                                                                                                                                                                                      | Level of alignment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8   | Section 7.2 provides requirements on competence, impartiality and confidentiality of personnel.                                                                                                                                                                      | Section 10.1, sufficiency of human resources, Section 9.4, safeguarding impartiality at the operational level, and Section 11.2, confidentiality, provide similar requirements to those in the ISO 17029.                                                                                                                                                                                                     | The requirements are similar. The Standard provides prescriptive requirements on competence and requires establishment of documented procedures on these aspects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 9   | Section 7.3 requires that a VVB have a process for managing competence of its personnel involved in VV activities via determining competence criteria, identifying training needs, monitoring the performance of personnel and demonstrating documented information. | Sections 10.2 and 10.3 provide requirements on initial competence analysis, competence for VVC teams (i.e. identifying knowledge and skills required for management function, validator, verifier, technical expert, VVC team, VVC team leader and technical review team), demonstration of competence and qualification, monitoring of performance, conducting training and keeping personnel records.       | The requirements are similar. The Standard provides prescriptive requirements on competence, knowledge and skills for various roles in VVC activities and continual performance monitoring. The Standard requires establishment of documented procedures on these aspects.<br>It is important to be noted that since additional activities under the Article 6.4 mechanism other than those in the CDM are required to be undertaken by the DOEs; therefore, the additional competence requirements resulting from those additional activities under the Article 6.4 mechanism are to be established in the Article 6.4 accreditation standard. |
| 10  | Section 7.4 provides a requirement on outsourcing.                                                                                                                                                                                                                   | Section 10.1.4 provides a requirement on outsourcing.                                                                                                                                                                                                                                                                                                                                                         | The requirements are similar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 11  | Section 8 requires that a VVB apply a VV programme (i.e. a set of rules and procedures for carrying out VV activities) that are consistent with this standard.                                                                                                       | The section 12.3 requires that a DOE establish, document, implement and maintain a procedure for performing its VVC functions in accordance with the VVS-PA, VVS-PoA and other relevant decisions of the Board, such as the "CDM project standard for project activities" (PS-PA), the "CDM project standard for programmes of activities" (PS-PoA) and various applicable tools, guidance and methodologies. | The requirements are similar. The Standard requires establishment of documented procedures for performing VVC activities in accordance with VVS-PA, VVS-PoA, PS-PA, PS-PoA and applicable tools, guidance and methodologies.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 12  | Sections 9.1 to 9.8 provide requirements on the VV process through the steps of pre-engagement, engagement, planning, execution, review, decision and issue of                                                                                                       | Section 12 provides requirements on the VVC process through the steps of submitting proposal, conducting contract review, selecting VVC personnel, preparing a plan and defining task allocation, conducting VVC visit to the project activity or PoA, implementing technical a                                                                                                                               | The requirements are similar, although different terms are used. The Standard requires establishment of documented procedures for performing VVC activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| No. | ISO 17029:2019                                                                                                                                                                                                     | CDM accreditation standard (Version 07.0) (the Standard)                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Level of alignment                                                                                                                                                                    |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | statement and facts discovered after the issue of statement.                                                                                                                                                       | review and issuance of final VVC opinions and reports. The VVS-PA and VVS-PoA have requirements on post-registration changes to process any temporary deviations and permanent changes if any change is identified during the implementation and operation period.                                                                                                                                                                                                                                                          | Note that VVS-PA and VVS-PoA provide requirements on VVC opinions.                                                                                                                    |
| 13  | Sections 9.9 and 9.10 provide requirements on process of handling appeals and complaints.                                                                                                                          | Section 14 provides a requirement on the process for handling complaints, disputes and appeals.                                                                                                                                                                                                                                                                                                                                                                                                                             | The requirements are similar. The Standard requires establishment of documented procedures to handle such a process.                                                                  |
| 14  | Sections 9.11 and 11.6 provide requirement on control of records and documented information.                                                                                                                       | Section 13.4 provides a requirement on the process for control of documents and control of records, including records pertaining to VVC functions.                                                                                                                                                                                                                                                                                                                                                                          | The requirements are similar. The Standard requires establishment of documented procedures to control such documents and records.                                                     |
| 15  | Sections 10.1, 10.2 and 10.4 provide requirements on what information should be made publicly available and provided upon request and how to ensure confidentiality of information.                                | Sections 9.2, 11.1, 14.1 and 14.3 provide requirements on the information required to be made available in the public domain. Section 14.2 provides a requirement on the information available upon request. Section 11.2 provides a requirement on handling confidentiality of information.                                                                                                                                                                                                                                | The requirements are similar. The Standard requires establishment of documented procedures to safeguard the confidentiality of information obtained or created during VVC activities. |
| 16  | Section 10.3 provides a requirement on the use of a VVB's marks.                                                                                                                                                   | The Standard does not have such a provision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | The Standard does not have such a provision, since there is no such mark to be used in the CDM.                                                                                       |
| 17  | Sections 11.1 to 11.5 provide requirements on having a management system, organizing management reviews, conducting internal audits, implementing corrective action and actions to address risk and opportunities. | Sections 13.1 to 13.3, 13.5, 13.6 and 13.7 provide requirements on having a quality management system, responsibility of top management, CDM quality manager, internal audits, corrective and preventive actions and management review. It is noted that the purpose of preventive action is to proactively identify potential sources of non-conformities and areas for improvement, which is similar to the provision on actions to address risks and opportunities so as to enhance the effectiveness of VVC activities. | The requirements are similar. The Standard requires establishment of documented procedures on these provisions.                                                                       |

### Appendix 3. Feedback provided by CDM-AP and CDM-ATs on the CDM accreditation standard (Version 07.0) and the CDM accreditation procedure (Version 16.0)

1. Feedback provided by the clean development mechanism (CDM) accreditation panel (CDM-AP) and the CDM assessment teams (CDM-ATs) in 2022 on the CDM accreditation standard (version 07.0) (the Standard) and the CDM accreditation procedure (version 16.0) (the Procedure) is summarized in table 1 and table 2 below, respectively.

**Table 1. Feedback on the Standard**

| No. | Feedback                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | It is proposed to include a provision in paragraph 148 of the Standard requiring internal audit planning and scheduling as referred to in ISO 19011.                                                                                                                                                                                                                                                                                                  |
| 2   | There is a need to revise the Standard to clarify the requirement on which records must be kept permanently and which can be disposed of after a period of time.                                                                                                                                                                                                                                                                                      |
| 3   | The Standard may be modified to provide for the availing of services of validators/verifiers from an outsourced agency without assigning any functions as per appendix 1 to the Standard (i.e. do not consider such a situation as a function to be outsourced as specified in the Standard).                                                                                                                                                         |
| 4   | It is proposed that paragraph 149 of the Standard be revised to enhance clarity on the independence of an internal auditor by stating that the internal auditor shall not audit his/her own work.                                                                                                                                                                                                                                                     |
| 5   | It is proposed that paragraph 119 of the Standard on signing of a contract between a DOE and its client can be relaxed, with some safeguards, taking into account current market practice.                                                                                                                                                                                                                                                            |
| 6   | Paragraph 157(d) of the Standard has the provision that a management review should consider feedback from stakeholders. It is proposed that the questionnaire approach could be considered as a means to collect such feedback.                                                                                                                                                                                                                       |
| 7   | It is proposed to introduce a provision in the Standard to collect feedback from clients, especially on the competence of staff, impartiality and processes followed.                                                                                                                                                                                                                                                                                 |
| 8   | It is proposed to review what information is required to be posted on the website of DOEs, such as relevant information on personnel's responsibilities, steps involved in handling complaints and disputes, a single statement on impartiality, confidentiality and quality, and relevant accredited information of the DOE.                                                                                                                         |
| 9   | It is proposed to provide provisions on how to conduct liability analysis and impartiality analysis, and on how to use the outcome of those analyses.<br>Additionally, it is proposed to enhance clarity on the provisions in paragraph 49 of the Standard, relating to the effectiveness of the procedure for safeguarding impartiality, and in paragraph 73 of the Standard, relating to the evaluation of the adequacy of the competence criteria. |
| 10  | It is proposed that paragraphs 11–13 of the Standard be revised to include a specific requirement that DOEs have a process for dealing with judicial process.                                                                                                                                                                                                                                                                                         |

**Table 2. Feedback on the Procedure**

| No. | Feedback                                                                                                                                                                                                                                                                                                                                                                                  |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | It is proposed that appendix 1 of the Procedure be revised to indicate all documents referred to in the self-completeness check form (CDM-SCC-FORM) and to align it with all the documents required in the desk review form (CDM-DRR-FORM) to facilitate the application process by providing a list of all required documentation before starting an assessment.                         |
| 2   | It is proposed that appendix 1 to the Procedure be revised to include a provision that the DOE declares that it has no pending judicial process for malpractice, fraud and/or other activity incompatible with its functions as a DOE under the category of regular surveillance assessment.                                                                                              |
| 3   | It is proposed to develop a provision on where remote assessments could be used even in the post COVID-19 pandemic period, based on risk analysis.                                                                                                                                                                                                                                        |
| 4   | It is proposed that the provision relating to the central office specified in the Procedure and the declaration of other offices performing validation and verification/certification functions (CDM-DOO-FORM) be aligned and revised to enhance clarity. While aligning the central office provision in the Procedure and form, please ensure the alignment is extended to the Standard. |
| 5   | It is proposed to consider whether to include provisions in the Procedure to raise major non-conformity, minor non-conformity and observation.                                                                                                                                                                                                                                            |
| 6   | It is proposed that consideration be given to introducing a provision in the on-site assessment report template (CDM-OAR-FORM) to verify any corrective actions taken after the previous accreditation assessment.                                                                                                                                                                        |
| 7   | There is no provision in the Procedure to extend the timeline for the CDM-AT to complete its required actions. Consideration could be given to a revision affording flexibility in the assessment timeline in cases where there is a large number of non-conformities.                                                                                                                    |
| 8   | It is proposed to revisit appendix 9 of the Procedure concerning the flow and structure of the payments to CDM-Ats, to consider having the secretariat pay CDM-ATs whereas DOEs reimburse such payment to the secretariat.                                                                                                                                                                |

## Appendix 4. Level of alignment of the CDM accreditation procedures (version 16.0) with key GHG validation and verification schemes

1. The CDM accreditation procedure (Version 16.0) (the Procedure) contains the series of rules and actions that shall be followed and/or undertaken by applicant entities (AEs) and designated operational entities (DOEs) to obtain or maintain accreditation, as well as by the CDM Executive Board (Board) and its support structure to assess whether AEs/DOEs comply with the CDM accreditation requirements. The Procedure is intended to ensure that accredited entities are competent and impartial. Various greenhouse gas (GHG) schemes have their own procedures to accredit validation and verification bodies (VVBs). The table 1 below shows the results of an analysis of the level of alignment of the Procedure with the procedures of three other GHG schemes. The accreditation procedures established by China National Accreditation Service for Conformity Assessment (CNAS), the European Union Emissions Trading System (EU ETS) verification scheme and the India National Accreditation Board for Certification Bodies (NABCB) were selected for the comparison, considering that 27 per cent, 17 per cent and 24 per cent of DOEs are based in China, the European Union and India, respectively.<sup>1</sup>

**Table 1. Level of alignment of the CDM accreditation procedure (version 7.0) with other GHG schemes**

| No. | Procedural activity                                       | CNAS                                                                                                                                                                                                                                                      | EU ETS  | NABCB   | CDM     | Level of alignment            |
|-----|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|-------------------------------|
| 1   | Accreditation term                                        | 5 years                                                                                                                                                                                                                                                   | 5 years | 4 years | 5 years | The requirements are similar. |
| 2   | Application for accreditation and review of documentation | The documents and forms required for applications are specified for the applicants. Application packages are reviewed to determine whether the accreditation requirements have been met and determine the suitability of the applicant for accreditation. |         |         |         | The requirements are similar. |
| 3   | Assessment preparation and selection                      | The workplan and assessment plan are established. The assessment team members are selected from a pool of experts and the number of assessment team members is                                                                                            |         |         |         | The requirements are similar. |

<sup>1</sup> The level of alignment is made based on the Rules for the Accreditation of GHG Validation and Verification Bodies (CNAS-RV02; 2022) issued by CNAS, the EU ETS Regulation on the verification of data and on the accreditation of verifiers ((EU) 2018/2067; 2021) and the Accreditation and Verification Regulation – Explanatory Guidance (EGD 1; 2022) issue by EU ETS, the Accreditation Procedure for Validation and Verification Bodies (BCB 201 (VVB)-Jan 2022; 2022) issued by NABCB and the CDM Accreditation Procedure (Version 16.0). It is to be noted that such procedures selected for alignment have different document structures and sections and terms describing the requirements applied in the respective accreditation processes, the alignment is made based on the sequence of content of activities as per the accreditation process of ISO 17011:2017 instead of section by section specified in the respective procedures.

| No. | Procedural activity                                                                                     | CNAS                                                                                                                                                                                                                                                                                                      | EU ETS | NABCB | CDM                                                                                                                                                                                                                                                                       | Level of alignment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | of assessment team                                                                                      | based on the assessment duration specified. Each assessment team member is required to declare having no conflict of interest and abide by confidentiality provisions. The applicant is informed of the composition of the assessment team and may object to the selection of any assessment team member. |        |       |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 4   | Initial accreditation assessment, extension of sector scopes assessment and re-accreditation assessment | Document review, office assessment and witnessing assessment are required. Assessment reports and final assessment report are prepared for the final decision making on granting of accreditation.                                                                                                        |        |       | Document review and office assessment are required. Assessment reports and final assessment report are prepared for the final decision making on granting of accreditation.                                                                                               | The classification of sectoral scopes applied are different and each scheme has its own classification.<br>The NABCB refers to IAF MD14 VVB to classify 16 sectoral scopes for the validation and verification activities in the project level (these 16 sectoral scopes are similar to the 16 sectoral scopes specified in the CDM);<br>The CNAS has a two-layer sectoral scope classification system (i.e. higher level and mid level). For the validation and verification activities in the project level, 18 high level sectoral scopes are established;<br>The EU ETS has 32 scopes of accreditation within 15 groups of activities;<br>The CDM has 16 sectoral scopes.<br>Regular surveillance assessment is less frequent in the CDM (i.e. two regular assessments within five-year accreditation term) as compared to the other three schemes (i.e. annual).<br>However, they can still be considered similar because the reaccreditation assessment in the CDM has to be applied at the end of the fourth year within the five-year accreditation term.<br>Although the purposes of witnessing assessment and performance assessment are the same, to observe the performance and competence of the applicants and to check how the applicants conduct VVC activities, the differences include:<br>The CDM accreditation is granted based on a positive desk review and office assessment outcomes; whereas, the other three schemes' accreditation is based on a positive desk review, office assessment and witnessing assessment outcomes; |
| 5   | Surveillance assessment                                                                                 | Office assessment and witnessing assessment are required. Surveillance assessments every 12 months. Assessment reports and final assessment report are prepared for the final decision making.                                                                                                            |        |       | Office assessment is required. Two regular surveillance assessments are required in the five-year accreditation term.                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 6   | Performance assessment                                                                                  | Referred to as witnessing assessment.                                                                                                                                                                                                                                                                     |        |       | Performance assessment in the CDM and witnessing assessment in the other three schemes are similar. The Procedure requires launch of five performance assessments in the five-year accreditation term, with additional ones based on the volume of work; however, the CDM |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| No. | Procedural activity                                                | CNAS                                                                                                                                                                                 | EU ETS | NABCB | CDM                                                                                                                                                | Level of alignment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                    |                                                                                                                                                                                      |        |       | Board decided, as a temporary measure valid until 28 May 2024, to have at least three performance assessments in the five-year accreditation term. | The CDM performance assessment is conducted after granting of accreditation; whereas in the other three schemes the witnessing assessment is conducted before granting of accreditation. In performance assessments, VVC activities are selected randomly for assessment, to ensure that the actual performance of the DOE is assessed (because the DOE is unable to know which VVC activities will be sampled). Provisions for risk assessment and conducting assessments remotely are included in ISO 17011:2017, which is applied by the three accreditation bodies; however, such provisions are not included in the Procedure. |
| 7   | Addressing non-conformities raised                                 | Non-conformities shall be addressed through root-cause analysis and conducting corrections and corrective actions which are to be assessed by assessment teams.                      |        |       |                                                                                                                                                    | The requirements are similar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 8   | Accreditation decision making                                      | The decision on accreditation is taken by persons, a committee or board members, not the assessment teams.                                                                           |        |       |                                                                                                                                                    | The requirements are similar. The Procedure has the decision making process that the Board takes accreditation decisions based on the recommendation made by the CDM Accreditation Panel which serves as the technical panel under the guidance of the Board, considers the results of accreditation assessments of AEs/DOEs conducted by Accreditation Roster of Experts, provides recommendations to the Board on accreditation status of, or related actions for, AEs/DOEs, and makes decision on areas defined as per the Procedure.                                                                                            |
| 9   | Suspension, withdrawing and reducing accreditation sectoral scopes | The criteria of initiating suspension, withdrawing and reducing accreditation sectoral scopes are established. The decision-making processes of such actions are specified.          |        |       |                                                                                                                                                    | The requirements are similar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 10  | Handling complaints and appeals                                    | The process to receive, evaluate and make decisions is established and the final decision is made by persons, a committee or board members not involved in the activity in question. |        |       |                                                                                                                                                    | The requirements are similar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Appendix 5. Pros and cons of, and justification for, proposed amendments to the CDM accreditation Standard and Procedure to facilitate their use under the Article 6.4 mechanism

1. This appendix describes the pros and cons of, and justification for, proposed amendments to the clean development mechanism (CDM) accreditation standard (Standard) (table 1) and accreditation procedure (Procedure) (table 2) to facilitate their use under the Article 6.4 mechanism, drawing on comparisons of the Standard and the Procedure with other greenhouse gas (GHG) validation and verification schemes.

**Table 1. Analysis on the proposed amendments to the clean development mechanism Standard text to facilitate its use as the basis for an Article 6.4 accreditation standard**

| No. | Proposed amendments                                                                                    | Pros and cons analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Comparison                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Justification and conclusion                                                                                                                                                                                                                                                                                                                                                                  |
|-----|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Principles of the risk-based approach to be prescribed as per ISO 17029:2019 (i.e. paragraph 15(a)(i)) | Including the principle of risk-based approach in the Article 6.4 accreditation standard would ensure DOEs account for all risks associated with providing competent, consistent and impartial validation and verification/certification functions. And, since a standard might not be able to prescribe detailed requirements to cover all scenarios, the principle could guide DOEs in making decisions in response to unanticipated situations. However, Inconsistence in the risk level associated with similar activities may be found among DOEs. Therefore, proposed amendments would include detailed descriptions to elaborate on approaches to minimize inconsistencies among DOEs. | The Standard requires analysis of potential financial risks and impartiality risks. A DOE can extend the risks analysis from the current scope under the CDM (i.e. risks associated with financial and impartiality required in the Standard) to cover the risks that may arise from its entire validation and verification and certification (VVC) process, if the Supervisory Body approves such proposed amendments. The implementation of the proposed amendments is to utilize the current established process and to extend it to cover aspects other than finances and impartiality; therefore, the additional resources needed to implement such proposed amendments by the DOEs are considered limited. Note that additional activities might be required, including to revise the current documented procedures, to implement mitigation measures to address additional risks identified and to provide training for DOE personnel. | Considering that the proposed amendments can increase the coverage of all risks arising from validation and verification/certification activities and that the additional resources required due to the extension of the current process established to cover additional risk areas is considered limited, it is proposed to include the amendment in the Article 6.4 accreditation standard. |

| No. | Proposed amendments                                                                                                                                                     | Pros and cons analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Comparison                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Justification and conclusion                                                                                                                                                                                                                                                                                                                                                                     |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2   | Coverage of all liabilities resulting from the risks arising from validation and verification/certification activities as per ISO 17029:2019 (i.e. paragraph 15(a)(ii)) | Although the Standard has similar provisions, it focuses on financial risks and does not include the provision to cover the risks related to geographic areas where a DOE operates. The advantage of extending the liability coverage to all risks arising from a DOE's validation and verification/certification activities and the geographic areas where it operates is that a DOE can make adequate arrangements (e.g. insurance or reserves) correspondent with the activity volume and the operational locations. The disadvantage is that a DOE might need to increase the payment to purchase liability insurance or bank reserve amount; however, increasing the payment to purchase liability insurance or bank reserve also mitigates financial risks arising from a DOE's validation and verification/certification activities. | Although the Standard does not specifically mention the coverage of all risks arising from a DOE's validation and verification/certification activities and the geographic areas where a DOE operates, some DOEs might already make sufficient arrangement to cover all risks and operational areas of their activities, given that the liability requirement specified in ISO 17029:2019 is also specified in the ISO 17021-1:2015, which is the requirement to be complied with by most of DOEs where they also provide third-party conformity assessment under the accreditation of their own national accreditation bodies. Therefore, the DOE can extend the current provision already established for its CDM validation and verification/certification activities or utilize the same provision already established for its third-party conformity business to fulfil the proposed requirement under the Article 6.4 accreditation standard. | The proposed requirement would increase a DOE's operating cost, but increasing liability coverage scope would protect a DOE financially while it engages in validation and verification/certification activities under the Article 6.4 mechanism. Therefore, it is proposed to include the amendment in the Article 6.4 accreditation standard.                                                  |
| 3   | Additional competence requirements to be established (i.e. paragraph 15(b))                                                                                             | Additional activities (e.g. sustainable development tool) other than those required in the CDM are to be validated and/or verified and certified by the DOEs under the Article 6.4 mechanism; therefore, additional competence requirements resulting from such additional activities are to be included in the Article 6.4 mechanism accreditation standard. Introducing this proposed amendment would ensure that DOEs have the required competence to validate and/or verify and certify the additional activities under the Article 6.4 mechanism. No disadvantage is foreseen in specifying competence requirements in the Article 6.4 accreditation standard.                                                                                                                                                                         | The Standard requires that a DOE establish a document procedure for determining the required competence criteria for its validation and/or verification and certification personnel based on the knowledge and skills specified in annexes 2 and 3 of the Standard. A DOE could extend the competence criteria from the current scope of activities under the CDM to cover activities under the Article 6.4 mechanism if the Supervisory Body approves such proposed amendments. Implementation of the proposed amendments (additional competence requirements) would use the established process described in the Standard and extend it to cover additional activities under the Article 6.4 mechanism; therefore, additional human resources (e.g. hiring of additional VVC                                                                                                                                                                      | The proposed amendments would ensure a DOE has the required competence to validate and/or verify and certify activities under the Article 6.4 mechanism. Although there is additional cost to ensuring availability of additional competent personnel, a DOE's potential income would also increase through performing such additional functions under the Article 6.4 mechanism. In view of the |

| No. | Proposed amendments | Pros and cons analysis | Comparison                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Justification and conclusion                                                                |
|-----|---------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
|     |                     |                        | personnel who have the required knowledge and skills or providing additional training to current personnel) are needed to implement such proposed amendments. Additional budgeting would be required to ensure a DOE has the required minimum two VVC personnel having the required competence. It is to be noted that implementing the proposed amendments would increase a DOE's operating cost, but income, resulting from such additional VVC activities, would also increase. | above, it is proposed to include such amendments in the Article 6.4 accreditation standard. |

**Table 2. Analysis on the proposed amendments to the clean development mechanism Procedure text to facilitate its use as the basis for an Article 6.4 accreditation procedure**

| No. | Proposed amendments                                                                                              | Pros and cons analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Comparison                                                                                                                                                                                                                                                                                                                                                | Justification and conclusion                                                                                                                                                                                                                                                                                        |
|-----|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Applying principles of the risk-based approach at planning stage as per ISO 17011:2017 (i.e. paragraph 19(a)(i)) | Although the Procedure applies the risk approach concept to decide whether any other offices or outsourced entities of a DOE should be assessed during an accreditation assessment and to decide how a minimum of three mandatory performance assessments is temporarily required in the five-year accreditation cycle for any DOE, the Procedure does not clearly explain in detail the application of the risk-based approach. Including this proposed amendment in the Article 6.4 accreditation procedure could ensure that assessment planning of a DOE is prepared taking into full account the risks associated with the activities, locations and personnel covered by the scope of accreditation. No disadvantages are foreseen, given that assessment planning would take into account the risks arising from | The Procedure applies a risk-based approach at the planning stage; therefore, the proposal is to amend the Procedure text to align with provision specified in ISO 17011:2017. Implementing the proposed amendment would make the DOEs more cost-efficient as the accreditation assessments could focus on works associated with potentially higher risk. | The proposed amendment would ensure that assessment planning is prepared based on the actual risks associated with the activities, locations, and personnel covered by the scope of accreditation of a DOE. Therefore, it is proposed to include the proposed amendment in the Article 6.4 accreditation procedure. |

| No. | Proposed amendments                                                                                     | Pros and cons analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Comparison                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Justification and conclusion                                                                                                                                                                                                                                                                                   |
|-----|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                                                         | locations, accreditation sectoral scopes and activity volume.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                |
| 2   | Allowing remote assessment for all types of assessment as per ISO 17011:2017 (i.e. paragraph 19(a)(ii)) | In response to challenges brought by the COVID-19 pandemic, the CDM Executive Board allowed remote assessment for initial accreditation and re-accreditation assessments. Including this proposed amendment in the Article 6.4 accreditation procedure would allow some or all assessment team assessors to work remotely for all types of assessment. The disadvantage is a risk that the objective of on-site assessment might not be achieved when assessments are conducted remotely. Therefore, the proposal is to allow remote assessment only in conjunction with a risk analysis.                                                                                          | The Procedure allows conducting on-site assessment remotely for the regular surveillance assessment. The same provision could be extended to other types of assessment. The same risk analysis approach as described in item 1 of this table 2 could be applied to assess whether required objectives of on-site assessments could be achieved, with assurance, through remote assessment (coupled with risk-based assessment). Implementing the proposed amendment might decrease a DOE's operating costs related to assessment | The proposed amendment would help ensure that if on-site assessment is not feasible, under special circumstances remote assessment could be used to assess compliance with accreditation requirements. Therefore, it is proposed to include the proposed amendment in the Article 6.4 accreditation procedure. |
| 3   | Establishment of an Article 6.4 Accreditation Panel (i.e. paragraph 19(b))                              | Under the Procedure, the CDM Board takes decisions on accreditation assessments based on recommendations made by the CDM accreditation panel (CDM-AP). Considering that accreditation assessments under the Article 6.4 mechanism require both technical expertise and accreditation expertise, it is necessary to establish an Article 6.4 Accreditation Panel to support the Supervisory Body when taking decisions on the accreditation assessments conducted by Accreditation Roster of Experts (ARoE). An Article 6.4 Accreditation Panel could review assessments and provide recommendations to facilitate the Supervisory Body's final decisions on accreditation matters. | The CDM-AP meetings have been organized since the inception of the CDM; therefore, the current operational process could be applied directly in implementing an Article 6.4 Accreditation Panel. As well, the Article 6.4 roster of accreditation experts, considered by the Supervisory Body could be the source of initial appointments to the Article 6.4 Accreditation Panel until a formal process for making appointments to the Panel is established by the Supervisory Body.                                             | As the Article 6.4 Accreditation Panel serves as the technical panel under the guidance of the Supervisory Body; , the Article 6.4 Accreditation Panel would facilitate the Supervisory Body's decision-making on accreditation assessments conducted by members of the ARoE. Therefore, it                    |

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| No. | Proposed amendments | Pros and cons analysis                                          | Comparison | Justification and conclusion                                                                              |
|-----|---------------------|-----------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------|
|     |                     | The disadvantage is that operating the panel would entail cost. |            | is proposed to establish the Article 6.4 Accreditation Panel for the Article 6.4 accreditation mechanism. |

## Appendix 6. A system to allow CDM DOEs to act as Article 6.4 mechanism DOEs

### 1. Accreditation status of current CDM designated operational entities and applicant entities

1. There are four applicant entities (AEs) and 28 designated operational entities (DOEs) currently under the clean development mechanism (CDM). Table 1 below summarizes the different CDM accreditation stages of these AEs and DOEs under the current CDM accreditation term.

**Table 1. CDM accreditation stages of current CDM AEs and DOEs**

| Number and type of entity | Accreditation term start date          | Accreditation term expiry date  | Regular surveillance assessment 1 | Performance assessment | Regular surveillance assessment 2 | Re-accreditation assessment |
|---------------------------|----------------------------------------|---------------------------------|-----------------------------------|------------------------|-----------------------------------|-----------------------------|
| 2 DOEs                    | Between May – June 2018                | Between May – June 2023         | Completed                         | In process             | Completed                         | In process                  |
| 4 DOEs                    | Between October – November 2018        | Between October – November 2023 | Completed                         | In process             | Completed                         | In process                  |
| 9 DOEs                    | Between May – November 2019            | Between May – November 2024     | Completed                         | In process             | Completed and in process          | Not yet initiated           |
| 1 DOEs                    | April 2020                             | April 2025                      | Completed                         | In process             | In process                        | Not yet initiated           |
| 9 DOEs                    | Between March – November 2022          | Between March – November 2027   | Not yet initiated                 | In process             | Not yet initiated                 | Not yet initiated           |
| 3 DOEs                    | March 2023                             | March 2028                      | Not yet initiated                 | In process             | Not yet initiated                 | Not yet initiated           |
| 3 AEs                     | Initial accreditation assessment stage |                                 |                                   |                        |                                   |                             |
| 1 AE                      | Application stage                      |                                 |                                   |                        |                                   |                             |

### 2. Proposed proposals on the reliance on CDM DOEs

2. Since the Article 6.4 mechanism accreditation standard and procedure are to be developed based on this concept note, this section provides a detailed analysis of the options to address availability of Article 6.4 mechanism DOEs by the time the Article 6.4 mechanism activity cycle becomes operational.

## **2.1. Option 1: Allow CDM DOEs to act as Article 6.4 mechanism DOEs without accreditation assessment**

3. This option is to allow CDM DOEs to act as Article 6.4 mechanism DOEs, if they wish to do so, without further accreditation assessment. These DOEs would be permitted to carry out validation and/or verification activities under the Article 6.4 mechanism. However, once the Article 6.4 accreditation process becomes operational, these DOEs would be subject to accreditation assessments under the Article 6.4 accreditation process, starting with initial accreditation assessment, should they wish to conduct further work under the Article 6.4 mechanism.
4. This option includes the following provisions:
  - (a) The CDM DOE wishes to act as Article 6.4 mechanism DOE;
  - (b) No accreditation assessment specific to the Article 6.4 mechanism is required;
  - (c) Once the Article 6.4 accreditation process becomes operational, these DOEs shall be subject to accreditation assessments under the Article 6.4 accreditation process starting with initial accreditation assessment.
5. The pros and cons of option1 include:
  - (a) Advantage—no additional assessment required, reducing the operating cost of DOEs that serve the Article 6.4 mechanism;
  - (b) Disadvantage—since additional Article 6.4 mechanism accreditation requirements might be established by the Supervisory Body, without conducting any accreditation assessments as per the Article 6.4 accreditation standard may result in the risk where the Article 6.4 mechanism DOEs may not fully establish the quality management system as per Article 6.4 mechanism accreditation standard.

## **2.2. Option 2: Allow CDM DOEs to act as Article 6.4 mechanism DOEs if they pass a simplified accreditation assessment**

6. This option is to allow CDM DOEs to act as Article 6.4 mechanism DOEs, if they wish to do so and if they pass a simplified accreditation assessment (e.g. desk review focusing on the differences between the CDM and Article 6.4 accreditation standards). Once the Article 6.4 accreditation process becomes fully operational, these DOEs will be subject to accreditation assessments under the Article 6.4 accreditation process, starting with initial accreditation assessment.
7. This option includes the following provisions:
  - (a) The CDM DOE wishes to act as Article 6.4 mechanism DOE;
  - (b) CDM DOEs are subject to a simplified accreditation assessment comprising a desk review and to assess the differences between the CDM and Article 6.4 accreditation standards;

- (c) Once the Article 6.4 accreditation process becomes operational, these DOEs will be subject to accreditation assessments under the Article 6.4 accreditation process starting with initial accreditation assessment.

8. The pros and cons of option 2 include:

- (a) Advantage—simplified accreditation assessments would expedite service to the Article 6.4 mechanism while helping to ensure that DOEs serving the initial needs of the Article 6.4 mechanism have sufficient quality management systems in place;
- (b) Disadvantage—additional operating cost to the DOEs;
- (c) Disadvantage—would be a possible gap before a reasonable number of Article 6.4 mechanism DOEs been made available by the time the Article 6.4 mechanism activity cycle becomes operational as under this option all CDM DOEs would be subject to simplified accreditation assessment and this could start only once the Article 6.4 accreditation procedure and standard is approved by the Supervisory Body.

### **2.3. Option 3: Allow CDM DOEs to act as Article 6.4 DOEs until the end of their current accreditation term under the CDM**

9. This option is to allow CDM DOEs to act as Article 6.4 mechanism DOEs, if they wish to do so, until the end of their current accreditation term under the CDM as described in the paragraph 1 above, and in that time fully rely on the accreditation assessments and the DOE's status under the CDM accreditation process. Upon expiry of their current accreditation term under the CDM, these DOEs shall apply for accreditation under the Article 6.4 accreditation process, starting with initial accreditation assessment, should they wish to conduct further work under the Article 6.4 mechanism.

10. This option includes the following provisions:

- (a) The CDM DOE wishes to act as Article 6.4 mechanism DOE;
- (b) Reliance on the CDM accreditation process; a CDM DOE's accreditation status, as specified in the paragraph 1 above, is carried over and recognized by the Article 6.4 mechanism accreditation system as long as the CDM DOE successfully maintains its accreditation status in accordance with the CDM accreditation procedure. In this option, there is no need to conduct any Article 6.4 mechanism accreditation assessments;
- (c) Upon expiry of the DOE's current accreditation term under the CDM, the DOE shall apply for accreditation under the Article 6.4 mechanism accreditation process, starting with initial accreditation assessment.

11. The pros and cons of the option 3 include:

- (a) Advantage—reduced operating cost for DOEs that serve the Article 6.4 mechanism;

- (b) Disadvantage—since additional Article 6.4 mechanism accreditation requirements might be established by the Supervisory Body, without conducting any accreditation assessments as per the Article 6.4 accreditation procedure may result in the risk where the Article 6.4 mechanism DOEs may not fully establish the quality management system as per Article 6.4 mechanism accreditation standard.

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**Document information**

| <i>Version</i> | <i>Date</i>      | <i>Description</i>                                                                                                                                                                     |
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