

## Agenda item 4.1.

Paragraph 19 of the annotated agenda, Annex 4

# Revision of the process for developing, revising and updating standardized baselines

**CDM EB 114**

Bonn, Germany, 30 May to 2 June 2022



## Procedural background and Purpose

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- Pursuant to CMP decisions, the Board has been improving a process to develop, revise, update and apply standardized baselines (SBs) to CDM project activities and PoAs:
  - **Procedure: Development, revision, clarification and update of standardized baselines (SB procedure)**
- At EB 112, the Board considered the revision of the process for updating SBs and requested the secretariat to prepare a concept note.
- At EB 113, the Board considered the concept note and requested the secretariat to revise the concept note, taking into account the feedback received from the Board.
- **Purpose of this work:** to improve and streamline the process for developing, revising and updating SBs as per the mandate.



### Requirements of assessment reports (ARs)

- Under the bottom-up process (i.e. the process initiated by submissions of proposed SBs from DNAs), the DNA submitting a proposed, revised or updated SB is required to submit an AR prepared by a DOE.
- An exemption from, or financial support for, this requirement are provided for countries underrepresented in the CDM, however they only cover the development of a new SB, not a revision or update of an SB.
- DNAs have communicated that this requirement poses difficulties to them in relation to procurement and needed financial resources, in particular to propose an update of an SB.
- Consequently, only a few of the approved SBs have been updated.



### Statistics and analysis of ARs

- Total number of ARs: 43
  - Prepared by DOE: 10
  - Prepared by the secretariat: 33
- Provision on funding was never utilized by DNAs
- Many substantive issues were found in the DOEs' ARs by the secretariat and the MP > these issues were subsequently resolved after several rounds of communications between DNAs, the secretariat and MP members.
- The scope of ARs prepared by DOEs and the subsequent assessments conducted by the secretariat and MP members overlap.



### Statistics and analysis of ARs (cont.)

- The scope of the DOEs' assessment of SBs is limited to the credibility of the data used, mostly by desk-review
- Comparison of assessments

Assessment of SBs	Assessment of activities
DOE assessment report	DOE validation report
Secretariat assessment	Secretariat assessment
MP assessment (selected two MP members, then possibly entire MP)	
Board approval	Board approval

- The cases that were processed with a DOE AR and those without had comparable rigor in processing, and that all SBs approved by the Board adequately addressed the conservativeness and accuracy.



### EB 113 feedback

- Maybe more appropriate that a first level of assessment of a new or updated SB is conducted by a DOE or external experts, to optimize the use of resources of the secretariat and the MP.
  - Maybe necessary to provide more clarity and guidance to DOEs regarding the scope of an AR – e.g. elements to check compliance with the SB procedure and the applied methodological approach.
  - Comparable or higher rigour in applying checks and balances to project assessments should be applicable to assessments of SBs.
  - On the other hand, the Board observed that DOEs have thus far played a smaller role in preparing ARs (only 25%). Also, it acknowledged that DNAs face difficulties with regard to financial resources and lengthy procedures/timelines for procurement of the DOEs services, and should be supported to overcome the challenges.
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## Proposed solutions

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- The share of ARs prepared by DOEs is less than 25 per cent. Moreover, they were mostly done based on desk reviews and did not usually involve site visits.
- There is considerable experience and well-established processes to engage rostered external experts in various CDM processes (e.g. desk reviewers for the submitted methodologies, RIT for project assessments).
- Such readily available experience and expertise can be leveraged when considering updating the SB process, to provide more options for DNAs to alleviate the financial burden and procurement-related delays without compromising the rigour of ARs.



### Revision to the SB procedure:

- a) Indicate that DNAs should engage a DOE for the preparation of an AR as per the existing options;
- b) Allow DNAs to submit an SB without an AR where the DNAs can demonstrate that they faced difficulties in engaging a DOE (e.g. financial constraints, procurement-related constraints) > the secretariat will engage max. two independent experts from the Meth roster of experts, who will prepare the AR.
  - This option be available for all CDM host countries and applicable to the development, revision and the update of an SB
- c) Clarify the scope and the assessment steps by a DOE or independent experts;





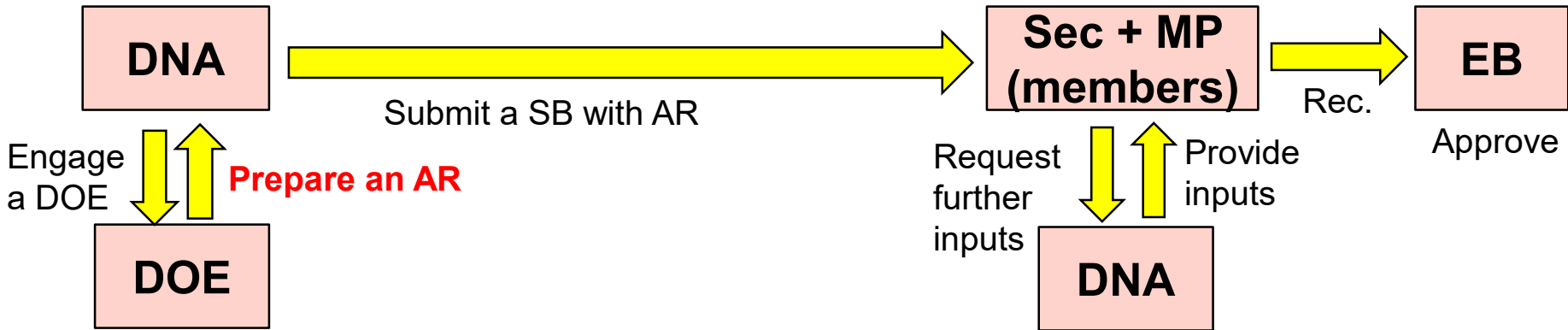
### **Revision to the SB procedure (cont.):**

- d) Remove the redundant provisions related to the preparation of an AR by the secretariat, if the above options (a) and (b) are accepted by the Board

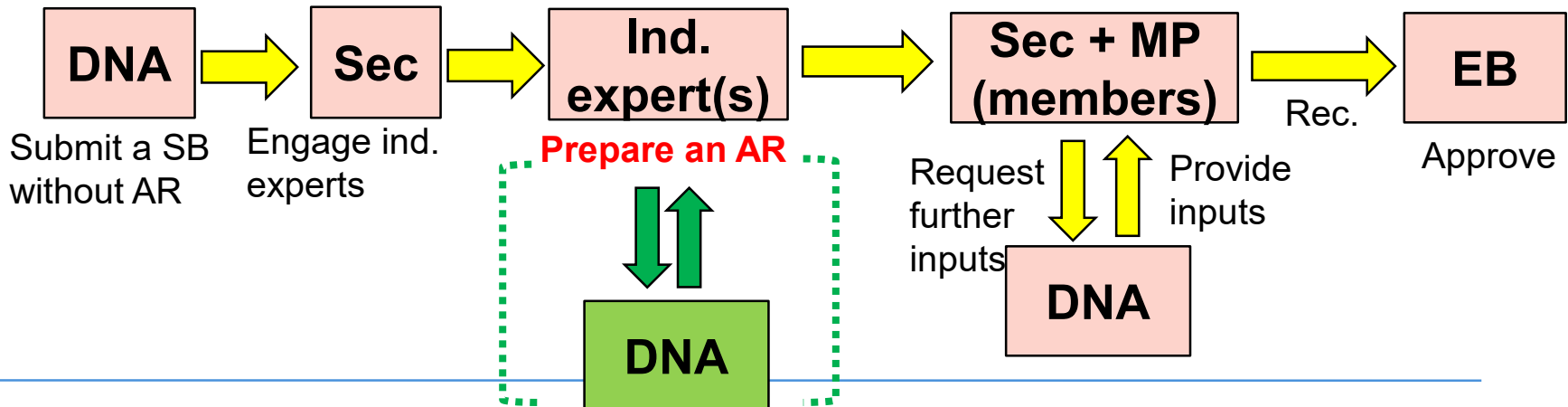


# Proposed solutions

## Existing process: DNA engages a DOE for preparation of an AR



## Additional option for DNAs: Submit a SB without an AR where the DNAs can demonstrate the barriers



- The proposed changes will:
  - Provide clarity on the scope of an AR to be prepared by a DOE or independent experts, thereby improving the consistency of findings in ARs
  - Alleviate administrative or financial burden for DNAs, without compromising on the quality or the environmental integrity of the ARs.
- Therefore, the proposed work will facilitate the development of new SBs, the revision of SBs, and the update of SBs that are expiring. Approved SBs in turn facilitate the project development.



## Conclusion

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### Subsequent work and timelines

- If the Board agrees to the proposed recommendation, the proposed changes will be published as a revision to the SB procedure.

### Recommendations to the Board

- The secretariat recommends that the Board consider the proposed solution and the proposed textual changes to the SB procedure, and provide guidance on the revision of the SB procedure.

