

Proposed Text for Appendix F, Part Three of the Chairman's Note: Guidelines for Operational Entities

**Submission by Australia, Canada, Iceland, Japan, New Zealand, Norway,
Russian Federation, Ukraine, and the United States**

31 January, 2000

1. General Provisions

- 1.1 This Appendix specifies general requirements that an operational entity shall meet. An entity that wishes to become an operational entity shall submit an application to the CDM Executive Board. The Executive Board shall accredit operational entities based on the requirements in this Appendix. This accreditation by the Executive Board shall constitute the designation by the COP/moP as stipulated in Article 12.5.
- 1.2 Operational entities shall be responsible for carrying out their functions mentioned in this decision, its appendices and relevant decisions of the COP/moP.

2. Organizational Requirements of an Operational Entity

2.1 An operational entity shall:

- be a legal entity (either a domestic legal entity or an international organization) and shall provide documentation of this status to the Executive Board
- have the requisite financial and other resources needed to carry out its functions
- have sufficient expertise for performing its functions in one or more types of project activities
- have management that has overall responsibility for the entity's performance and supervision of the implementation of the entity's functions including management reviews, and shall provide a list of all board members and senior officers to the Executive Board
- be impartial, free from any commercial, financial and other conflicts of interests that might influence its functions.

2.2 Operational entities shall not participate in development, promotion, financing or

implementation of any CDM project.

3. Operational Requirements of an Operational Entity

3.1 An operational entity shall conduct registration of CDM projects and certification and issuance of CERs in accordance with Article 12.5 and the modalities and procedures in this decision and its Appendices.

3.2 An operational entity shall have documented internal procedures for carrying out its functions. Such procedures shall include, among others, procedures for the allocation of responsibility within the organization and procedures for handling complaints. These procedures shall be publicly available.

3.3 When an operational entity decides to subcontract work to an external body or person, it shall do so on the basis of a written agreement covering the arrangements including confidentiality and conflict of interest. The operational entity shall remain fully responsible for such subcontracted work. The operational entity shall also report its use of the subcontractor to the Executive Board.

3.4 An operational entity shall establish and maintain procedures to control documents and data, including information about its procedures, fees charged and a directory of CDM projects it has registered and their participants. It shall maintain a records system to demonstrate that the functions identified in 1.2 have been effectively carried out. The records shall include application and evaluation reports related to CDM project proposals/project activities.

3.5 An operational entity shall submit annual activity reports to the CDM Executive Board in a format approved by the Executive Board. The documentation and records system referenced in 3.4 shall form the basis for the annual report.

3.6 An operational entity shall have adequate arrangements to safeguard confidentiality of the information obtained from CDM project participants and will follow any procedures in this regard established by COP/moP. Except as required in the applicable procedures contained in COP/moP decisions or by law, it shall not disclose information obtained from CDM project participants marked as proprietary or confidential, where such information is not otherwise publicly available, without a written consent of the provider of the information. Emissions data or other data used to determine emissions additionality shall not be considered confidential.