

1.2.3 Steps Involved in Acquiring CDM Credits

i. Verification and Certification

Verification is the periodic independent review of the project's performance in terms of GHG reductions once the CDM project has begun. It is conducted by the OEs with the purpose of verifying the reductions in anthropogenic GHG emissions resulting from the CDM activity. It can be accomplished through on-site inspections, or by reviewing monitoring results and additional data from exterior sources for comparison. If no problems have been identified, the OE will provide a verification report to the Parties involved, to the participants, and to the EB.

Certification is an extension of the verification step. Once the verification has been completed and the GHG abatement sought has been verified, the OE will also issue a certification report and make it publicly available. This will constitute a request to the EB for issuance of CERs equal to the verified amount of GHG reductions.

ii. Issuance of Certified Emission Reductions

The EB will issue CERs within 15 days of receipt of the certification report unless one of the Parties involved, or at least three members of the EB, request a review. This review, however, is limited to issues of fraud or incompetence of the OEs in performing their functions. In either case, the EB will decide, at its next meeting, whether the request has merit and if so, perform a review of the OE's work on the project. The review process shall be completed within 30 days of the initial request.

Upon receipt of the certification report, the EB will issue CERs that correspond to the reduction in emissions achieved. After forwarding the share of CERs for administrative expenses⁴ and for the 2% adaptation levy (see section 2.1.8), the EB will deposit the remaining CERs into the appropriate registry accounts as per the participant's request. The share of CERs belonging to the host will be deposited into the CDM registry (maintained by the EB), while the share of CERs belonging to the project proponent will be deposited into its account in its own national registry.

1.2.4 Party Level CDM Participation Requirements

Each of the Parties to the Kyoto Protocol must designate a national authority for the CDM. Canada's CDM&JI Office, located at the Department of Foreign Affairs and International Trade fulfils that role. All Parties to the Kyoto Protocol may participate in the CDM, however, CDM projects can only be hosted by non-Annex I countries.

A Party included in Annex I is eligible to use CERs to demonstrate compliance with its Kyoto Protocol commitments, if it meets the following requirements:

1. It is a Party to the Kyoto Protocol.

⁴ To be determined