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If you should require any further information then please do not hesitate to contact us. We will be pleased to help you.

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According to the UNFCCC requirements, a programme of activities must undergo a validation by a Designated Operational Entity (DOE). TÜV NORD CERT GmbH is an accredited DOE for validation and verification of programme of activities under UNFCCC Sectoral Scopes 1 – 16 with additional competence based on project specific knowledge, training and experience.

1. GENERAL SCOPE OF WORK

Validation is the independent evaluation of the programme of activities design, in particular, the baseline study and monitoring plan, which are included in the programme of activities Design Document (POA-DD) and other relevant supporting documents by a designated operational entity against modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol, relevant UNFCCC requirements and host country requirements.

The validation is based on the information made available to TÜV NORD CERT GmbH and on the contract conditions TÜV NORD CERT GmbH cannot be held liable by any entity for making its validation opinion based on any false or misleading information supplied to it during the course of validation.

TÜV NORD CERT GmbH employs a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of certified emission reductions (CERs). The service of TÜV NORD CERT GmbH will not include any consulting service. Nevertheless, the client may certainly perceive TÜV NORD CERT GmbH's possible requests for clarifications and/or corrective actions to the client as indicators of possible potential for improvement in the project design.

The validation will follow the procedures of TÜV NORD CERT GmbH's JI/CDM Certification Programme (JI/CDM CP) Quality manual, which is a customized version of the Validation and Verification Standard (VVS).

In carrying out the validation work, TÜV NORD CERT GmbH will apply the following standards and criteria, which below are jointly referred to as "PoA requirements":

- the requirements set forth in the most recent versions of the CDM Rules, including the CDM modalities and procedures under the Kyoto Protocol, subsequent decisions by the CMP, and any relevant documents released by the CDM Executive Board (the "EB") and available on the UNFCCC CDM website at <http://unfccc.int> (the aforementioned requirements together the "CDM Requirements");
- The latest version of the CDM Project Cycle Procedure for programme of activities
- The most recent version of the Clean Development Mechanism Validation and Verification Standard for programme of activities (the "VVS");
- the most recent version of the Standard for Sampling and Surveys for CDM Project Activities and Programme of Activities
- the host country criteria as applicable under the CDM-related laws and regulations of the country in which the PoA and CPAs are physically located.

TÜV NORD CERT GmbH will validate the following information of the programme of activities:

- Coordinating/managing entity, host party/ies and PoA Participants;
- Geographical boundaries of the PoA including all national and/or sectoral policies and regulations;

- Policy, measure or stated goal of the PoA;
- Confirmation about voluntary action by the coordinating/managing entity;
- Demonstration of additionality of the PoA;
- Description of a typical CPA (including technology or measures, baseline and monitoring methodology justification and application, demonstration of additionality, and accounting for leakage);
- Eligibility criteria designed for the inclusion of CPAs;
- Starting date and length of the PoA;
- Operational and management arrangements, including record-keeping system for each CPA and procedures to avoid double-counting;
- Baseline and baseline methodology;
- Monitoring plan for a CPA with record-keeping system;
- Indicators/data to be monitored and reported;
- Statistically sound sampling method to be used for verification;
- Environmental analysis;
- Stakeholder Consultation Procedure as required under the CDM Rules;
- Public funding;
- Letter(s) of Approval as required under the CDM Rules.

TÜV NORD CERT GmbH will validate the following information of the generic component project activity:

- Unique identification of the CPA;
- Contact details of persons responsible for each CPA;
- Host party;
- Implemented technology/measure
- Starting date and duration of the crediting period;
- Eligibility criteria;
- Demonstration of additionality;
- Baseline, project and leakage greenhouse gas emissions;
- Ex-ante estimated emission reductions method and equations;
- Monitoring and sampling plan
- Environmental impacts and assessment;
- Stakeholder consultation procedure;
- Confirmation regarding no prior CDM registration or inclusion in another PoA;
- Consistency with the programme of activities design.

2. VALIDATION PROCESS

The validation and subsequent registration process of the PoA shall follow the sequence of steps presented below.

2.1. Global Stakeholder Consultation Process (GSCP)

TÜV NORD CERT GmbH shall make the documentation publicly available on the UNFCCC CDM website for a period of thirty (30) days except for large scale afforestation and reforestation projects within 45 days. TÜV NORD CERT GmbH will handle, review and forward the comments to the Client in accordance with the “CDM Project Cycle Procedure”.

2.2. Review of documents

TÜV NORD CERT GmbH will review the PoA design document submitted by the client, the supporting background documents related to the project design and methodology, and the monitoring plan. Furthermore, TÜV NORD CERT GmbH may use additional documentation or checklists provided by third parties in relation to host-country legislation, technical reports referring to the project design or to the basic conditions and technical data. The document review will establish to what degree the presented documents meet the established validation criteria according to VVS.

2.3. Assessment using a Validation Protocol

In order to ensure cost-effective and systematic validations, a generic PoA protocol will be used as the documented foundation of a transparent validation process. The protocol shows, in a transparent manner, criteria and requirements, means of validation, and the results obtained in pre-validating the identified criteria.

2.4. On site visit and follow-up interviews

TÜV NORD CERT GmbH will conduct a site visit during the validation process. To ensure an efficient validation process the client has to provide all necessary information and documentation during the site visit and grant access to relevant sites and persons. If TÜV NORD CERT GmbH finds that the information provided by the Client is not sufficient to perform the validation, TÜV NORD CERT GmbH may, at TÜV NORD CERT GmbH's sole discretion, request follow-up interviews with project stakeholders, project developers, consultants and/or technical staff, or financially responsible persons.

2.5. Draft-Validation reporting

The draft validation report will facilitate the joint effort between the client and TÜV NORD CERT GmbH to develop and document answer(s) and conclusions to requirements, which are considered applicable for CDM programme of activity. The independent validation exercise and subsequent discussions given in the report shall enable the client to address any concerns TÜV NORD CERT GmbH may have raised related to the project, and how these may be clarified.

In order to remedy any mistakes, problems or other outstanding issues, issues that needed to be clarified for positive conclusion, Corrective Action Requests (CAR) or Clarification Requests (CL) may be raised. All CARs and CLs are reported and elaborated in the DVR in terms of their implication. The independent validation process and subsequent discussions given in the draft validation report will

enable the Client to address any concerns TÜV NORD CERT GmbH may have raised in relation to the PoA and how these may be clarified.

2.6. Resolution of CARs & CLs

The CARs and CLs stated in the draft validation report will have to be resolved by the client, if these are issued. The requests can be resolved or "closed out" by the client by modifying the project design and by rectifying and updating the project design documentation. If this is not done in the final stages of the validation, it may cause the project not be recommended for UNFCCC registration, or cause the expected emission reductions not to be subsequently validated and certified.

The number of DOE Assessments on the corrective actions for closure of CARs and CLs raised should be limited to two consecutive rounds. For further resolution, the client and TÜV NORD CERT GmbH may enter into an amendment for additional man-days required.

2.7. Validation Report

The Final Validation Report (the "FVR") will reflect the Client's responses to any CARs and CLs as well as the discussions and revisions of any project documents. Thus, the FVR gives TÜV NORD CERT GmbH's final conclusions regarding the PoA's conformance with the relevant CDM Requirements. The FVR may raise issues that need to be subsequently addressed during the project implementation such as implications of any remaining corrective action requests not resolved during the validation as Forward Action Request (FAR).

The FVR will address the additionality of the PoA, eligibility criteria for inclusion of proposed CPAs in the registered PoA (including criteria to be used for the demonstration of additionality of a CPA), operational and management arrangements, consistencies between the programme of activities and the generic CPA to be used for inclusion of a CPA in the registered PoA.

TÜV NORD CERT GmbH will take into account and reflect the comments received during the 30 days' stakeholder consultation process in a separate section of the FVR.

Finally TÜV NORD CERT GmbH's validation opinion either forms the basis for UNFCCC registration of the PoA (in which case it constitutes a "Positive Validation Opinion"), or it explains the reason for its non-acceptance in case the PoA is judged as not fulfilling the validation requirements (in which case it constitutes a "Negative Validation Opinion"). In case TÜV NORD CERT GmbH arrives at a Negative Validation Opinion, TÜV NORD CERT GmbH will consult with the client on whether or not to proceed with the PoA. The Client shall provide TÜV NORD CERT GmbH with their final decision within ten (10) days after TÜV NORD CERT GmbH has informed the Client about the Negative Validation Opinion.

2.8. Technical review & Final Approval

Before the submission of the final validation report, a technical review and final approval of the whole validation procedure will be carried out.

During the technical review process, the validation opinion and the specific assessments as prepared by the validation team may have been confirmed or revised. Furthermore, reporting improvements might have been achieved.

The technical review follows an overall (esp. procedural) assessment of the complete validation carried out by an auditor located in the accredited premises of TÜV NORD CERT GmbH.

2.9. Submission to EB

Registration is the formal acceptance by the executive board of a project as a CDM programme of activities. Registration is the prerequisite for the verification, certification and issuance of CERs related to this programme of activities.

In case TÜV NORD CERT GmbH arrives at a Positive Validation Opinion, TÜV NORD CERT GmbH will submit a request for registration in the form of a validation report, the programme of activities design document, the written approval of the host country/ies, and further project relevant documentation as per the UNFCCC requirements.

3. SCHEDULE OF EVENTS

TÜV NORD CERT GmbH is prepared to begin work on the validation of the PoA within 10 working days upon the Client's valid acceptance of this Offer and upon receipt of all necessary project-related documents such as but not limited to the POA-DD, the financial calculation spreadsheet (if applicable), the emission reduction calculation.

The Client shall submit all necessary project-related documents at least four (4) weeks before TÜV NORD CERT GmbH's (first) site visit. If the client fails to meet the aforementioned timeline or fails to submit any project related documents that it should reasonably have submitted to TÜV NORD CERT GmbH, TÜV NORD CERT GmbH may, at its sole discretion, postpone its site visit(s).

TÜV NORD CERT GmbH will use reasonable efforts to forward the DVR including the CARs and CLs to the Client within four (4) weeks of its (final) site visit.

Upon the Client's submission of its response to CARs and CLs, TÜV NORD CERT GmbH will use reasonable efforts to finalise the FVR within four (4) weeks of TÜV NORD CERT GmbH's receipt of the final documents submitted by the Client.

TÜV NORD CERT GmbH will use reasonable efforts to conduct the Technical Review and Final Approval within six (6) weeks after finalisation of the FVR.

4. TEAM COMPOSITION

An experienced team will carry out the validation of the project of activities.

The validation team will consist of experienced (lead) auditors and experts covering technical, methodological, environmental and socio-economic competence.

The final team composition will be announced after the conclusion of contract and in the course of the audit planning. The client has the right to reject any team member with sufficient justification. Related Curriculum Vitae of the audit team will be provided upon request vide operations.carbon@tuev-nord.de.

5. RIGHTS AND RESPONSIBILITIES OF TÜV NORD CERT GMBH

In addition to performing the service detailed in the offer TÜV NORD CERT GmbH shall:

Issue a validation report in line with scheme requirements, which will state whether, in the DOE's opinion, the PoA fulfils the requirements of the scheme.

Arrive at its opinion upon consideration of the following matters and reporting as to any aspect with which TÜV NORD CERT GmbH is not satisfied, namely whether:

- All relevant scheme requirements are met
- the monitoring system and procedures are in line with the applied methodology.
- the PoA is additional
- environmental analysis and Stakeholder Consultation Procedure is in line with the scheme

TÜV NORD CERT GmbH shall be entitled to Interview attorneys, engineers, analysts, accountants, or other parties deemed by TÜV NORD CERT GmbH to have the qualifications necessary to assist in the performance of the service without any extra fees/charge payable on this account by the client. TÜV NORD CERT GmbH may select and engage such persons without the clients prior approval save that, should the client advise TÜV NORD CERT GmbH that a conflict of interest exists, TÜV NORD CERT GmbH will take all necessary measures to engage alternate advisors. TÜV NORD CERT GmbH may also consult with stakeholders to assist in the performance of the service. Stakeholders shall include the public, including individuals, groups or communities affected, or likely to be affected, by the activity in question.

TÜV NORD CERT GmbH shall perform the service in an efficient, prompt, skillful and careful manner in accordance with the current industry standards, practices and accredited procedures. In performing the service, TÜV NORD CERT GmbH shall observe and obey all applicable laws, regulations, rules and standards imposed by any government or other duly constituted authority having jurisdiction in the host country.

TÜV NORD CERT GmbH by accepting the offer neither automatically guarantees a positive validation opinion nor the registration of the PoA by the CDM Executive Board (EB).

TÜV NORD CERT GmbH has the right to subcontract members of the TÜV NORD JI/CDM Certification Program of other entities and external individuals.

6. RESPONSIBILITIES OF THE CLIENT

The client is responsible for:

Preparing a PoA Design Document in compliance with the rules set by the applied scheme. In case of changes to the scheme during execution of the service the client shall adapt the project documents to the new regulations.

Determining additionality, baseline scenario and emission reductions using approved methodologies and tools and scientifically appropriate protocols as required by the scheme.

Preparing a monitoring plan consistent with the rules of the scheme in question, to gather the necessary data and reporting data in a complete, transparent and accurate manner.

Providing TÜV NORD CERT GmbH with:

- a Letter of Approval of its designated national authority and further documents as requested by the scheme.
- the necessary and requested access to client books, records, information systems and facilities such that TÜV NORD CERT GmbH is able to validate the data and assumptions presented in the project documents.

- all information, documentation, data or other material or taking all measures required by the scheme unless TÜV NORD CERT GmbH is expressly responsible for providing such measures. In case of deadlines set by the scheme concerning material to be provided or measures to be taken by the client, the client shall provide TÜV NORD CERT GmbH with material 3 working days before expiry of the deadline.

Complying with TÜV NORD CERT GmbH's requests to conduct interviews, meetings and/or discussions with client's employees and agents on any matters relating to the service, within such deadlines as TÜV NORD CERT GmbH shall establish.

All obligations of the client shall be performed according to the scheme in force when performing the obligations. In case of changes to the scheme affecting performances already rendered the client shall amend or render anew its performances accordingly.