

**Annex 16****CDM EXECUTIVE BOARD  
STATUS OF IMPLEMENTATION OF THE 2009 CDM-MAP  
REPORTING PERIOD 1 JANUARY TO 31 OCTOBER 2009****Executive Summary**

1. In accordance with the request made by the Executive Board during its forty-ninth meeting, the secretariat has updated the report on the status of implementation of activities that have been undertaken, towards the achievement of the four strategic objectives for 2009, as listed in the CDM Management Plan (CDM-MAP) for 2009 (paragraph 25), approved by the CDM Executive Board at its forty-fifth meeting in February 2009.
2. In addition, this status report presents a list of additional activities mandated by the Executive Board during its meetings held in 2009, which were not included in the 2009 Clean Development Mechanism Management Plan (CDM MAP - Version 1)<sup>1</sup>.
3. This report also provides a status report on financial activities and recruitment of human resources to assist the secretariat in supporting the work of the CDM Executive Board.
4. As a result of the elements indicated above, this report is divided in three sections: the first section focuses on the additional activities undertaken in 2009, the second section presents the status of implementation of the operational objectives as laid out in the CDM MAP 2009 and the last and third section provides information on the current level of expenditure against the 2009 MAP budget and the recruitment status.
5. Some highlights the additional activities presented in section I include:
  - (a) The secretariat undertook a series of workshops with the view of developing the knowledge and understanding of its stakeholders. Examples are the Methodologies and CDM Validation and Verification Manual (VVM) workshops;
  - (b) Workload under registration and issuance has increased more than initially forecasted;
  - (c) In response to request from the EB, work on establishing a CDM training programme has initiated.
6. The highlights of some notable achievements and the activities implemented by the CDM Executive Board, in collaboration with its support structure, including the support of the secretariat, include:
  - (a) Successfully organizing the CDM Joint Workshop and two DNA Fora, and one sub-regional DNA Forum;
  - (b) The adoption of policy framework to address non-compliance of DOEs in a systematic manner;
  - (c) The design of a Quality Management System (QMS) for the Methodologies Unit;
  - (d) The adoption of a policy framework to monitor performance of DOEs in a systematic manner;

<sup>1</sup> [http://cdm.unfccc.int/EB/045/eb45\\_repan71.pdf](http://cdm.unfccc.int/EB/045/eb45_repan71.pdf)



- (e) The secretariat has engaged an external consultancy to carry out an analysis of the support it provides to the project-based mechanism, with a view of making recommendations on ways to improve the secretariat support to the regulatory Bodies. The consultancy is at an advanced stage and the outcome is expected by the end of November 2009;
  - (f) The adoption of the CDM Accreditation standards and the revised Accreditation Procedure, including the decision by the Board to streamline the accreditation process;
  - (g) Embarking on an exercise to map and document the processes conducted across the sustainable development mechanisms (SDM) programme. This process mapping and documentation exercise will form the basis of further refining a quality management system (QMS) and implementation plan that are under preparation by the secretariat;
7. In terms of the financial and recruitment section, it is noted that:
- (a) The level of expenditure in 2009 is lower than expected after the ten months of the year. This is largely due to delays in the recruitment of new staff. The causes for such delays are discussed in the main body of the report, but recent improvements in the recruitment process seems to suggest that the overall expenditure rate will increase by the end of the year.
  - (b) The total average monthly revenue for 2009 (USD 3 million) was considerably lower than estimated monthly revenue in the 2009 CDM-MAP (USD 3.75 million). In particular, revenues from registration fees are lower than the same period in 2008, due to differences in the sizes of projects submitted for registration, rather than the absolute number of projects.

## SECTION I: NEW ACTIVITIES IN 2009 BY FOCAL AREA

8. The section presents several activities that were undertaken in 2009, but that were not included in the 2009 MAP and that mainly resulted from decisions from the Board at its meetings. These activities and their cost will be incorporated in the 2010 CDM MAP.
9. The activities included in this addendum are grouped in accordance to the five focal areas in the CDM MAP: Accreditation, Methodologies, Quality and Information Systems, Registration and Issuance and CDM Coordination. Furthermore, new activities in support of the CDM and funded by the CDM itself but undertaken by the SDM Management and Coordination sub-programme are listed as well.

### ACCREDITATION

(a) **Background:**

10. The CDM Validation and Verification Manual (VVM) has been approved by the CDM EB as the standard for the DOEs to perform validation and verification functions under the CDM activities. Taking into consideration the importance and wider applicability of the CDM VVM and in order to raise awareness and share experiences amongst DOEs, the CDM EB at its forty-fifth and forty-seventh meeting requested the secretariat to hold four regional CDM VVM workshops (ASP, LAC and WEGO). The purpose of the workshops is to receive feedback on the application of the requirements of the CDM VVM by the technical personnel of the DOEs.

(b) **New tasks in 2009:**

11. One workshop has been organized on 09-10 November 2009 in Rio De Janeiro, Brazil for DOEs to provide their inputs and experiences.



(c) *Activities to be undertaken*

12. Two workshops are planned to be undertaken in the ASP region, and one global workshop will be held in Bonn.

13. The dates and places to convene remaining three workshops will be announced once the preparations will be finalized.

## **METHODOLOGIES**

(a) *Background:*

14. The Methodologies Unit recognized the need to provide training and develop skills of Meth Panel Members and Practitioners and in this regard they organized three separate workshops in 2009.

(b) *New tasks in 2009:*

15. Two workshops (one of three days and one of two days) were organized for a small group of Meth panel members on the deconsolidation of ACM0006 and the revision of the combined tool.

16. One workshop was organised on the improvement of the Meth Panel activities. The secretariat introduced what the issues are and actions to address them were identified and formulated.

17. A practitioners workshop on cook stove methodologies AMS I E, II G and I C was organized by the Meth Unit on 26th October 2009 to gather ideas for methodological work to improve the usability of these methodologies given the significant impact on gender and SD these methodologies could potentially have; the workshop was attended by 55 external experts (project implementers, governmental/bilateral/multilateral organisations/NGOs, working group/EB members besides secretariat).

(c) *Activities to be undertaken*

18. Additionally, a workshop on "Energy Efficiency under the CDM: Lessons learned, opportunities and challenges" will be carried out as a side event at CMP.5 (10 December 2009 from 13.00 to 15.00). Panel discussion comprising members of CDM Executive Board and its working groups/panels and project participants pioneering implementation of demand side energy efficiency projects. The discussions will focus on the progress made and challenges ahead.

19. Recent IPCC, IEA and other reports are replete with potential for mitigation opportunities through energy efficiency. CMP reports have consistently put thrust on work related to energy efficiency under the CDM. The event will reflect on/showcase CDM EB's work in the area of demand side energy efficiency with discussion of barriers and opportunities. Progress in the methodological work undertaken and planned activities for the future will be discussed. Event will have presentations from EB/WG/Panel members, secretariat and project participants implementing energy efficiency projects with significant time devoted for interaction with the participants.

## **REGISTRATION AND ISSUANCE**

(a) *Background*

20. The actual submissions (case loads) from the processes managed by the Registration & Performance Monitoring (RPM) Team against the estimate in MAP 2009 are presented in Table 1.

21. The estimate of resources in MAP 2009 were based on assumption of workload related to processing of requests for registration of project activities (including requests for registration of programme of activities and for renewal of crediting period), which consisted of undertaking completeness



checks, preparation of summary notes, and preparation of briefing notes if cases are requested for review or placed under review, as well as corrections following the outcome of EB decisions), within timelines as defined by CMP or the Board.

**Table 1: Estimated submissions against actual case loads managed by the RPM Team.**

Item/Activity	Estimate MAP 2009 (annual)	Actual Jan-Oct 2009
Request for registration of project activities (PAs)*	1100	648
Requests for Review*	550	325
Under review	250	152
Resources (P2 & P3)	4P3, 12P2	3P3, 9P2

\* Includes requests for registration of POAs and renewal of crediting period

22. Table 1 shows that the submissions are so far well within the estimates; however, the Registration team had to deal with more complex issues in some projects, resulting in longer time for preparation of summary notes and briefing notes. Furthermore, the team is facing new challenges with additional tasks as discussed below.

23. In 2009 MAP the activities in support of the DNAs were considered in the R&I Unit while with the restructuring of the CDM programme these activities were placed under the Process Management Unit. For ease of reference in terms of budget and financial resources, the DNA activities will be discussed in this section of the addendum despite the implementation was undertaken and managed by the PM unit.

24. As stated in the 2009 MAP, DNA meetings are funded by SOPs, and further activities at regional level would be funded by voluntary contributions of Parties. In 2009, two DNA Fora were held (one in Bonn and another in Singapore); in addition a sub-regional DNA meeting was held in Grenada.

(b) ***New tasks in 2009:***

25. During the year 2009, the Board has mandated the secretariat with a number of additional tasks that would significantly impact the work of the Registration team:

- To perform enhanced completeness check with an aim to reduce the number of requests for review cases going forward - this is applicable to all submission of requests for registration submitted as of September 2009.  
*Consequence:* longer time to perform the required completeness check
- To prepare information notes to provide backgrounds to and explanations of Board decisions on requests for registration for which the Board agreed not to register; and to commence a work programme to provide information notes on other rulings on requests for registration considered through the review process with the aim of improving the transparency of decisions.  
*Consequence:* competing demand for existing resources to prepare these information notes
- To cope with the increased workload and to perform the new tasks mandated by the Board during the year, additional resources for the team are imperative to complement the resources already approved in the CDM 2009 MAP, these will be immediately covered through contracting staff on a temporary basis.

(c) *Activities to be undertaken:*

26. Further to the three DNA Fora activities carried out in 2009, there is proposal to hold an informal DNA Forum to be held in conjunction with COP 15 in Copenhagen.

**ISSUANCE**(a) *Background*

27. The actual submissions (case loads) from the processes managed by IPM Team against the estimate in MAP 2009 are presented in Table 2. The estimate resources in MAP 2009 were based on assumption of workload related to processing requests for issuance (including completeness checks, summary notes, and preparation of notes if cases are requested for review or placed under review, as well as corrections following the outcome of EB decision), requests for deviation at Issuance, and requests for revision of monitoring plan within timelines, as defined by CMP or by the Board.

**Table 2: Estimated submissions against actual case loads managed by the IPM Team.**

Item/Activity	Estimate MAP 2009 (annual)	Actual Jan-Oct 2009
Request for issuance	800	543
Revision of Mon Plan	100	107
Request for deviation - Iss	80	74
Resources (P2 & P3)	8 (3P3, 5P2)	6 in post (2P3, 4P2) <sup>2</sup> , 2 in GTA (P2) <sup>3</sup>

28. As it can be seen in Table 2, the submission of requests for issuance is more or less on track of the estimate in MAP 2009, however in the last 9 months, both requests for revision of monitoring plan and requests for deviation have shown an increasing trend in the submissions beyond estimate in MAP2009.

(b) *New tasks in 2009*

29. During the year 2009, the Board has mandated the secretariat with a number of additional tasks that has impacted the work of Issuance team:

- To perform enhanced completeness check with an aim to reduce the unnecessary number of requests for review cases going forward - this is applicable to all submission of requests for issuance submitted as of Sept 2009.  
*Consequence:* longer time now to perform the required completeness check
- To process requests for the Changes from PDD in accordance with the procedures/guidelines adopted at EB48 in July, operational 1 October 2009.  
*Consequence:* competing demand for existing resources to assess these submissions
- To apply timelines in processing requests for deviation at Issuance and requests for revision of monitoring plan, effective immediately after EB49 (September 2009)  
*Consequence:* competing demand for existing resources to adhere to these timelines
- To cope with the increased workload and to perform the new tasks mandated by the Board during the year, additional resources for the team are imperative to complement the

<sup>2</sup> 1 under recruitment

<sup>3</sup> Additional resources starting September 2009



resources already approved in the CDM 2009 MAP, these will be immediately covered through contracting staff on a temporary basis.

## SDM MANAGEMENT AND COORDINATION

### (a) *Background*

30. SDM has put in place a training programme aimed at providing staff with additional work related skills and knowledge. The training scheme is based on mandates and calls emanating from: fourth session of the Conference of the Parties, serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP 1); proposals and comments raised by the EB and JISC on the need to provide capacity building and/or guidance to stakeholders which would help to solve bottlenecks in processes; the OIOS<sup>4</sup> recommendation pertaining to the development of a comprehensive training plan for SDM; the discussions on the establishment of an “SDM skills training Programme” at the SDM retreat held in March 2009<sup>5</sup>; and suggestions raised by DNAs during Forum proceedings.

### (b) *New activities 2009:*

31. In this regard, 38 staff members have been approved to take part in external educational activities and 1 in-house courses on energy from biomass will take place in the secretariat between 30 November and 2 December 2009; this activity will be attended by 10 staff members.

32. The SDM Management and Coordination Unit is at present developing a concept paper on the establishment of a Yearly Training Programme aimed both internally for staff and externally for CDM and JI stakeholders.

### (c) *Activities to be undertaken:*

33. In order to carry out the design of the 2010 training plan a Consultant will be recruited, who jointly with the Heads of Units and Team Leads in SDM, will identify training and development priorities and draft the outline of the training programme. The outline will have to include advice on most effective educational practices and / or strategies.

34. An additional three in-house courses are currently being organized which will be attended by an estimated 40 staff members, and will be included in the 2010 CDM MAP.

## SECTION 2: ACTIVITY HIGHLIGHTS OF THE CDM MAP 2009

35. This section of the report highlights the activities undertaken by the Board and the secretariat in order to realize the operational objectives set out in the 2009 CDM Management Plan.

36. Since a new organizational structure was approved by the Executive Secretary for the Sustainable Development Mechanisms (SDM) Programme and implemented since 1 April 2009, the reporting below does not have the same attributions to the operational units as in the CDM Management Plan 2009 (Version 01). However, to facilitate easy cross referencing to the CDM-MAP, the same sequential order of the objectives is maintained in this report to the extent possible.

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<sup>4</sup> United Nations Office of Internal Oversight Services,

<sup>5</sup> The OIOS and SDM retreat discussions have been covered by putting in place a pilot mechanism, the “SDM skills training programme”, available to staff since April 2009.



**A. Streamlining the accreditation process, including the objective to address the shortage of DOEs in the market.**

37. The Board adopted the “CDM Accreditation Standard for Operational Entities” and the revised Procedure for Accrediting Operational Entities for immediate implementation, including granting of accreditation on the basis of on-site assessment and introduction of performance assessments throughout the accreditation cycle. We now have a total number of 27 DOEs.

38. During the reporting period, the Board accredited 11 new AEs, including 10 accredited at EB 46 in line with EB 42 and EB 43 decisions on streamlining of the accreditation process; 7 new AEs were attracted to apply for accreditation; and a further 3 organizations have expressed their intention to apply shortly.

**B. Monitoring and Strengthening the performance of DOEs**

39. This is a continuous objective and several activities have been put in place such as:

- Two spot checks were performed on DOEs;
- Three (3) Performance assessments were carried out;
- The process of analysis of the performance of DOEs has begun, and updates and feedback on trends will be provided regularly to the Board for consideration;
- After the 1 September 2009, the policy framework to monitor performance of DOEs in a systematic manner was adopted by the Board and the work on its implementation was initiated;
- As part of the VVM implementation plan, four workshops focused on the contents of the VVM, and targeting auditors of DOEs and AEs, have been scheduled and are being prepared;
- Consideration of 490 cases of requests for registration, 256 registration requests for review, 104 registration review cases, 388 requests for issuance, 99 requests for revision of monitoring plan, 72 requests for deviation, 34 proposed new large scale methodologies, 26 requests for revision of large scale methodologies, 29 requests for clarifications, 10 requests for deviation, 13 proposed new Small Scale (SSC) methodologies, 25 requests for revision of SSC methodologies, 48 requests for clarification relating to SSC methodologies, 3 requests for deviations from approved SSC methodologies; 1 proposed new Afforestation and Reforestation (A/R) methodologies, 2 requests for revision, 2 requests for clarification relating to A/R methodologies, 11 new Applicant Entities (AEs), 2 spot checks, and 3 performance assessments;
- Processing of a total of 1708 transactions, by the CDM Registry, during the period covered in this report.

**C. Design of the Quality Management System of the Meth Unit**

40. The Meth Unit has finalized the design of its Quality Management System (QMS). A process approach is used. Four processes were identified:

- The process of developing tools and guidelines and considering requests from the CDM Executive Board;



- The process of considering requests for clarification;
- The process of considering requests for revision;
- The process of considering new methodologies.

41. The design of the QMS is client oriented. The identified clients are the CDM Executive Board as internal client and all the other stakeholders as external clients. The specification of the processes as well as the specification of the products they deliver is based on the expectation of the clients.

42. The system of monitoring the performances of the processes has also been designed.

43. A work programme with 11 actions to increase the performance of the Meth related processes has been submitted to the EB50 and has been approved.

#### **D. Ensuring methodologies and tools are user friendly**

44. A call for public inputs has been launched on the no/low use of methodologies. The responses received are used as input to a study that will be presented to EB49 for consideration. The study on key priority emission sectors and type of project activities for which no or very few methodologies are available, will assist the Board in addressing the important issue of regional distribution.

45. Work has begun to identify and develop a set of relevant and measurable indicators for monitoring the usability of approved methodologies, as well as, actions for the improvement of the usability.

46. The following tools and guidances have been developed to improve the quality and the consistency of the approved methodologies:

- Tool to determine the mass flow of GHG in a gaseous stream;
- Tool to determine the baseline efficiency of thermal or electric energy generation system;
- Guideline for the reporting and validation of plant load factor;
- Guideline to calculate the fraction of methane in the landfill gas for periodical measurements;
- General guidelines on sampling and surveys;
- Guidance on expansion of industrial gas recovery methodologies to new facilities;
- Tool to estimate changes in the carbon stock of existing trees and shrubs within the boundary of an A/R CDM project activity;
- Guidance to calculate adipic acid production in case it cannot be measured directly.

47. The revision of ACM0006 through a deconsolidation to increase its usability had begun and is expected to be finalized by the end of the year.

48. The revision of the combined tool to widen its applicability to all types of methodologies is expected to be finalized for the EB51.

### **E. Enhancing the efficiency of the decision making process in relation to Methodologies**

49. The Meth Unit:

- (a) Undertook an analysis of the time spent in the process of considering methodologies related submissions by panel and working groups, as well as the reasons for delays of some of the large scale, small scale and A/R methodologies;
- (b) Carried out a broad assessment of potential impact of approved methodologies on emission reductions based on registered project activities and project activities under validation;
- (c) Launched a public call for inputs on the reasons for low/no usage of the approved methodologies;
- (d) Identified the main factors that can affect the usability of methodologies;
- (e) Worked on the identification of the key priority sectors and types of project activities for which no or very few methodologies are available taking into account the regional distribution;
- (f) Proposed a set of 13 concrete actions to the CDM-EB for the improvement in the process of methodology consideration and for prioritizing the work of the panel and working groups.

The above activities were all endorsed and approved by the CDM EB.

50. The flowcharts of all Methodologies related processes have been finalized, and the workflows associated with all processes are being prepared.

51. During the period under review (01 January to 31 October), the Meth Panel: considered thirty-nine proposed new methodologies, of which sixteen were forwarded to the CDM Executive Board for approval. Forty-five requests for revision were considered, of which fifteen resulted in revisions to approved methodologies. Twenty-seven requests for clarification were received, of which four resulted in revisions to approved methodologies and six in editorial revisions to approved methodologies. Four new tools were approved by CDM Executive Board and one revision to an approved tool. In addition, six new guidelines were also developed by Meth Panel.

52. In the same period, nine new SSC methodologies were approved, among them a methodology for energy efficiency and renewable energy measures in new, grid-connected residential buildings, including efficiency building design practices, efficiency technologies and renewable energy technologies

53. A second consolidated methodology for afforestation and reforestation (A/R) project activities has been approved. A user-friendly A/R tool was also developed and approved and two other were revised. Three new simplified methodologies for small-scale A/R project activities were developed.

### **F. Ensuring transparency and improving communication**

54. In pursuit of this objective, the process of dialogue and interaction with methodology developers has been enhanced and improved. Examples of these interactions during the period under review include meetings and/or telephone conference with, inter alia, Policy solutions, Sindicatum carbon capital, GGFR of the World Bank, Carbon Limits, Solvi, Climate Change Capital, South Pole Carbon Asset Management, SouthSouthNorth, Perspectives and Project Developers Forum.



55. In October 2009, the Methodologies Unit hosted a Practitioner's Workshop focused on measures to enhance the usability of small-scale CDM cook stove methodologies AMS-I.E, AMS-II.G and AMS-I.C. It brought together 55 participants representing NGOs, multilateral banks, United Nations organizations and public and private sector organizations.

### G. Establishment of a Quality Management System (QMS)

56. The exercise to map and document the processes conducted across SDM has been aligned to provide a key basis for building and operating the QMS. The preparation of a QMS design and implementation plan is underway and will be further refined on the basis of the process mapping and documentation, as well as the results of the external review of the support provided by SDM.

57. There is ongoing work on performance and management-level indicators, under which initial sets of indicators have been developed and work to ensure the accurate measurement of data has commenced.

### H. Manage the transition into a centralized IT governance structure

58. The SDM programme has engaged in series of discussions with the designated centre of the upcoming IT governance structure on a managerial level. Achievements so far include the agreement on the risk register. Discussions are on-going with next steps being financial and staff arrangements, and time planning.

### I. Special projects

59. In reference to implementation of the data exchange standards: a thorough needs analysis has been conducted, including a workshop with key stakeholders (DOEs/BPM software vendors).

60. In cooperation with secretariat IS, work is progressing on a customer relationship management (CRM) system, a web-based logging, forwarding, tracking and filing system for CDM Info queries. A frequently-asked questions (FAQ) page has been developed for the CDM website and will be launched with the revamped CDM website (see section Q). Development and implementation of new systems and other projects, including: the implementation of the accreditation subsystem, handing over of the Board meeting support software to operations, prototyping the CMP mandate tracking follow-up system and MoC system. Other projects include on-going improvements in R&I, Meth and cross-cutting systems in accordance with changes in, and additions to, business processes requested by the Board.

### J. Ensure timely action in all steps relating to Registration and Issuance

61. **Registration:** Against an annual projection of 1000 requests for registration, 490 registration requests were received (648 by end of October) and 405 (564 by end of October) have been published. During the same period, 439 (544 by end October) projects were registered, out of which 136 (185) projects were registered automatically. Against an annual projection of total 800 request for review and review cases for registration, 256 (325) requests for review and 104 (152) review cases were also processed (total 360 504). A total of 29 (39) projects were rejected and 8 (17) were withdrawn.

62. **Issuance:** Against an annual projection of 800 requests for issuance, 388 requests for issuance were received (543 as of end of October), of which 292 requests have been published (75,861,384 CERs) (427 have been published (108,818,206)). Against an annual projection of a total of 200 requests for review and review cases for issuance, 94 requests for review and 28 review cases were also processed (total 122). In addition, during the same period, against an annual projection 100 requests for revision of monitoring plan and 80 requests for deviation at issuance, 99 requests for revision of monitoring plan (107 as of end of October) and 72 requests for deviation at issuance were received (74 as of end of October).



63. Revised procedures relating to requests for deviation and revision of monitoring plan were submitted to the Board for consideration and adopted at EB 49.

**K. Enhance the public availability of the rationales for the Executive Board's specific decisions**

64. The approved 2009 CDM-MAP did not include additional resources for this task. However, work has been progressing on improvement of the transparency of the Board in its decision on registration and issuance cases, where references to the requirements that have not been complied with and descriptions of how the requirements have not been met are being incorporated. Additional specialist expertise and capacity for carrying out this important task was recruited in September. At its fiftieth meeting the Board requested the secretariat to expand the work in this area by publishing information notes to provide stakeholders with a greater understanding of the Board's decision making process on individual cases. This work will commence with the publication of information note related to the rejection of project activities.

**L. Implement systematic performance monitoring of DOEs**

65. At its forty-ninth meeting, the Board agreed on the policy framework to monitor performance and address non-compliance by DOEs in a systematic manner. Further, the Board requested the secretariat to prepare a proposal for implementation of the policy framework, including the categorization of non-compliance, proposed thresholds and applicable sanctions, for the consideration of the Board at its fifty-first meeting.

66. An internal project team will now focus on identifying a number of key areas to assess the performance of the DOEs related to each process and associated indicators, from the data already being captured and making these available in a suitable format.

**M. Enhance the regional and subregional distribution of CDM project activities**

67. In pursuance of its coordination role of the DNA Forum and the Nairobi Framework, the secretariat supported: the organisation of the seventh DNA Forum meeting in April 2008 which was held back-to-back with the annual CDM Joint Workshop with about 150 participants; the first sub-regional DNA meeting for the Caribbean region in Grenada, which was focused on highlighting the challenges in the region; and the Eighth DNA Forum held in October 2009 in Singapore in parallel with the Carbon Forum Asia, which gave the opportunity to DNA representatives to meet and interact with the private sector.

68. In supporting the work of the DNAs the secretariat also launched a survey on training needs for DNAs.

69. Two agencies, UNITAR and UNCTAD, recently joined the Nairobi Framework initiative aimed at assisting developing countries to improve their level of participation in the CDM. The secretariat supports the framework by facilitating the activities of the partner agencies and their participation in CDM stakeholder events, DNA Forum and CDM Joint Workshop.

70. A call for input to the DNAs was launched in order to seek input from the DNAs on how to streamline the CDM process in countries with fewer than 10 registered projects, in particular in least developed countries, small island developing States and Africa. The secretariat prepared draft recommendations on regional distribution for the Board's consideration which were approved at its fiftieth meeting and sent to CMP for consideration.

71. Other activities by the secretariat related to this operational objective include: organizing a side event on regional distribution at the June Session of the Subsidiary Bodies; and continuing to manage the CDM Bazaar in cooperation with UNEP RISOE.



### **N. Good governance**

72. In ensuring that CMP requests to the Board and the secretariat are implemented in a timely manner, an updated status on implementation of the CMP work plan was prepared by the secretariat and regularly reviewed by the Board at alternate meetings, forming the basis of monitoring the progress of work mandated by the CMP.

73. The secretariat has updated the Board on the status of resources at each Board meeting and made information on CDM resources publicly available, as annex to the EB report. The secretariat has consistently tracked income and expenditures against the approved budget.

74. Coordination of the CDM related work, including the responsibility of supporting the Board and the CDM processes, continues throughout the period under review. In particular, the secretariat regularly briefed the chair before each Board meeting on the issues on the agenda and provided Board members with timely draft decision-making documents (policy or case related). The secretariat also supported the Chair and EB members during and in between meeting by providing inputs and guidance as required.

### **O. Improve the efficiency of the operation of the CDM**

75. The Board, with the support of the secretariat, made progress in its consideration of the strategic improvements to the efficiency of the CDM operation referred to in decision 2/CMP.4, including through call for public input and the holding of two Board retreats (11-12 July and 5-6 September 2009), to consider inputs received from CDM stakeholders. The annual report of the Board to the CMP, at its fifth session, includes actions that the Board is implementing in this regard and recommendations for guidance to be provided by the CMP.

76. The secretariat is undertaking an internal analysis of the support it provides to the project-based mechanisms, including the mapping and documentation of processes conducted across SDM; the first stage of this work is expected to be completed this year and feed into the review by an external consultancy of the support provided by SDM.

77. Work has been undertaken to implement the recommendations made by the audit of the UNFCCC arrangements for the implementation of the CDM, as carried out by the UN Office of Internal Oversight Services (OIOS) and reported in December 2008. This includes the identification and mitigation of potential risks facing the secretariat's support to the CDM and to integrate these further within the management of the SDM programme.

### **P. Transparency and communication**

78. The initial phase of work, relating to making public the rationale of decisions of the Board, focused on re-indexing of decisions of the Board to ensure relationships between decisions are captured and history of decisions are searchable via the public website.

79. The Board approved at EB 46, the work plan for improving transparency and access to CDM-EB document.

80. Preparation & Availability of CDM-EB document types and definitions and CDM-EB Hierarchical Framework for Board Decisions (EB 47, Annex 61 and EB 49, Annex 31).

81. Content models (meta data) for decision classes and document types were identified and a faceted classification scheme was developed and presented at EB 49. Related optimizing IT technology used to search and retrieve is under development and expected to be completed by EB 51.



82. Re-indexing of decisions of the Board using new content model and classification scheme is completed for Reports of EB 1 to EB 18 and EB 48-50 meetings. Re-indexing of meeting reports EB 19 to 47 is ongoing and a new public search screen for Catalogue of Decision (CoD) database to allow new search and retrieval functionality is expected to be demonstrated at EB 51.
83. Clarifications to procedures and guidelines have, when possible, been incorporated into new versions of the procedures and guidelines, reducing the number of regulatory documents and consolidating related regulations into a smaller number of documents.
84. All new staff receive 3 hour induction to records and records management as an ongoing activity. Additional efforts are also put on the documentation of internal operating procedures, where internal guidelines were approved for travel, records management and unsolicited submissions (CDM & JI).
85. During the period under review, the Board approved a communication strategy which is now being implemented. Key activities include enhanced outreach to the press through distribution of highlights after each Executive-Board meeting and enhanced outreach by the Chair of the Board; photo and video contests promoting the sustainable development benefits of the CDM; and audio recordings, available on the website, that explain in plain terms the workings of the mechanism and recorded stories for broadcast by radio stations in Africa.
86. A task force was established in 2009 for revamping the CDM website. Tentatively planned for launch in December, the revamped site will feature a streamlined navigation that better targets CDM's various stakeholder groups.

#### **Q. Update on the work of the CDM Registry:**

87. The CDM registry successfully processed a total of 2890 transactions in the timeframe of 1 January until 6 November 2009. Furthermore, an additional amount of 30 proposed transactions were cancelled or terminated by the ITL within the same timeframe.
88. The number of requests to change MOC statements, addition and/or withdrawal of participants and general changes in contact details of project participants and focal points has continued to grow since the implementation of the new interface in August.
89. New procedures for modalities of communication between project participants and the Board were approved at EB45 in February. Revised procedures to provide further consistency in the definition of terms and procedures as well as the inclusion of bankruptcy scenarios are expected to be considered by the Board at EB 52.
90. In coordination with IT support, the CDM registry team was able to implement a new interface for the processing of changes to MOC in order to facilitate this process for internal and external users. Improvements to the small scale interface implemented in August are ongoing and a full scale work flow can be expected in the near future.

#### **SECTION 3: BUDGET PERFORMANCE**

91. This section of the report focuses on the budget performance in the period between 1 January and 31 October 2009, in terms of expenditure against the budget as set out in the 2009 CDM-MAP (USD 28.1 million). The analysis includes the workflow of resources and the sources of income generated by share of proceeds (SOPs) and fees.

**A. Status of Income**

92. Table 3 shows income generated in 2009 as a result of fees, contributions and interest calculated for the first 6 months of 2009<sup>6</sup>. Table 1 also includes the total expenditure for the reporting period, 1 January 2009 to 31 October 2009.

93. Table 4 shows the comparison between 2008 and 2009 revenues from fees and share of proceeds. In 2009 the average revenue is around USD 3 million per month compared to an average in 2008 of USD 3.2 million per month and the projected average monthly revenue of USD 3.75 million as indicated in the 2009 CDM-MAP.

**Table 3: Summary of total income and expenditure generated as of 31 October 2009**

Carry over figure from 2008*	16,479,420
Voluntary contributions**	225,940
Fees received in 2009	30,216,623
Interest***	2,058,222
<b>Total income as of 31 October 2009</b>	<b>48,980,205</b>
Expenditure as of 31 October 2009	15,251,954
Overheads 13%	1,982,754
<b>Total expenditure as of 31 October 2009</b>	<b>17,234,708</b>
<b>Balance</b>	<b>31,745,497</b>

\*Exclude reserve of USD 45 million.

\*\*Contributions received from Belgium (USD 34,646) and EC (USD 174,253) and carry over from 2008 (USD 417,106) bring the figure to USD 626,005 available for regional DNA meetings. After deducting the cost of the DNA meeting in Grenada (USD 48,085), the balance is USD 577,920. In addition, Sweden contributed USD 17,041 for the support of LDCs participation in Practitioners workshop.

\*\*\*Amount corresponds to interests generated between 1 January 2008 and 30 June 2009.

<sup>6</sup> Actual interest earned in the biennium 2008-2009 will be known in January 2010.



Table 4: Comparison between Revenues in 2008 and 2009

	Registration Fees		Share of Proceeds		Methodology Fees		Accreditation Fees		Total Income	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
January	763,096	508,142	1,322,368	1,818,217	-	-	-	14,973	2,085,464	2,341,332
February	1,466,461	578,748	1,839,355	774,802	15,843	-	29,975	15,000	3,351,634	1,368,550
March	1,907,040	1,098,433	1,735,587	1,811,317	2,000	1,000	-	-	3,644,627	2,910,750
April	1,084,485	1,235,045	473,878	2,294,062	15,890	11,894	-	-	1,574,253	3,541,001
May	334,716	1,727,570	1,745,449	1,402,884	-	-	15,000	14,985	2,095,165	3,145,439
June	1,293,349	1,334,620	1,139,150	2,146,281	2,966	8,961	15,000	22,500	2,450,465	3,512,362
July	3,331,025	895,652	2,240,487	2,619,561	7,925	2,000	-	37,454	5,579,437	3,554,667
August	4,524,873	2,741,787	2,243,867	1,132,052	2,993	6,954	-	-	6,771,733	3,880,793
September	1,214,830	1,378,059	649,676	1,260,049	2,000	1,955	-	22,500	1,866,506	2,662,563
October	233,057	2,482,650	2,855,847	796,610	12,980	4,906	-	15,000	3,101,884	3,299,166
<b>Total</b>	<b>16,152,932</b>	<b>13,980,706</b>	<b>16,245,664</b>	<b>16,055,835</b>	<b>62,597</b>	<b>37,670</b>	<b>59,975</b>	<b>142,412</b>	<b>32,521,168</b>	<b>30,216,623</b>
Average	1,615,293	1,398,071	1,624,566	1,605,584	6,260	3,767	5,998	14,241	3,252,117	3,021,662

Estimated monthly revenue as per the 2009 CDM-MAP is USD 3.75 million

Average monthly revenue from January to October 2009 is USD 3 million



## B. Status of Expenditure

94. Expenditure in the first ten months of the present year amounts to USD 17.2 million, which corresponds to 74% of the first ten months of the 2009 budget. In 2008, the same reporting period shows an expenditure of USD 14.9 million or 82.7% of the first ten months of the 2008 budget. It is estimated that the total expenditure by the end of the year will be approximately USD 20 million, about 71% of the 2009 budgeted expenditure. At the end of 2008 the expenditure performance level was USD 17 million (78%).

95. The current level of expenditure in 2009 is (8.7) percentage points lower than in the same period in 2008. In terms of absolute expenditure, USD 2.3 million more has been spent in 2009 than in 2008. The lower rate of expenditure could be attributable to the following:

- The 2009 budget of USD 28.1 million is 6.4 million higher than that of 2008 (USD 21.7 million), an increase of 29.6%;
- The average exchange rate in 2008 between the dollar and the euro was USD 0.67 compared to USD 0.73 in the first ten months of 2009. This has had an influence on the expenditure amounts in 2009, because the stronger dollar reduced the expenditure (the CDM budget is in US Dollars but the cost of General Staff salaries as well as the purchasing of services and goods are mainly in Euros);
- The 2009 CDM-MAP introduced a record 42 new posts and the delays we are experiencing in the recruitment of new staff, are affecting the staffing costs of USD 13 million in the CDM-MAP 2009. In 2008, only 22 post were approved in the MAP and subsequently staffing costs were higher.

96. Table 5 provides some further details on the trends of expenditures, in an itemized manner, during the first ten months of the 2009 CDM-MAP.

97. Staff costs (established posts) were budgeted at USD 13 million. To date we have expended USD 7.4 million, which is about USD 3 million below expected level of expenditure. The higher expenditure level for temporary contracts (USD 842,350) as compared to the expected to the prorated budgeted figure of USD 108,057 is a result of additional interim measures required to mitigate the delays in recruitment of regular staff.

98. The budgeted amount for participants attending the Executive Board meetings was USD 1,487,500. So far USD 1,239,865 has been expended for the travel of participants. By 31 December 2009 it is anticipated another USD 200,000 (for DSA, travel and logistics), will be required for one remaining Executive Board meeting 2009.

99. A set of activities on training were introduced in the 2009 CDM-MAP to enhance substantive and managerial skills, comprising both external training and in-house courses for staff members. So far USD 12,138 have been disbursed, but an additional USD 31,530 has been obligated as cost of the training courses. This amount excludes travel related to staff attending training activities and the in-house Continuing Professional Development course in energy from biomass which is to be held from 30 November to 2 December 2009.

**Table 5: Comparison of actual expenditures with budgeted expenditures for the reporting period**

Object code	Budget for 2009	Pro-rated budget for Jan-Oct 2009	Actual expenditure 2009	% Difference actual from budget	Comparison same expenditure in 2008
Staffing costs	12,968,776	10,807,313	7,440,623	31	6,702,812
Temporary contracts	129,668	108,057	842,350	-680	457,863
Support Conference Services *	100,000	83,333	55,446	33	0
Consultants	2,359,650	1,966,375	1,115,186	43	428,353
Expert fees	2,243,400	1,869,500	1,626,228	13	1,402,059
Expert travel	1,953,350	1,627,792	789,108	52	674,918
Personnel related costs	44,874	37,395	34,434	8	36,414
Travel of Participants	1,487,500	1,239,583	1,239,865	0	1,642,839
Travel of Staff	602,000	501,667	646,052	-29	641,946
Training	114,000	95,000	12,138	87	1,241
Operating Expenses **	2,461,515	2,051,263	1,392,060	75	868,568
Telephones ***	65,040	54,200	190	100	52,352
Supplies	35,000	29,167	58,274	-100	39,097
Secretarial Support to the EB ****	317,000	264,167	0	100	196,000
Sub-total	24,881,773	20,734,812	15,251,954	31	13,144,462
overheads 13%	3,234,630	2,695,526	1,982,754	31	1,708,780
<b>Total</b>	<b>28,116,403</b>	<b>23,430,338</b>	<b>17,234,708</b>	<b>31</b>	<b>14,853,242</b>

\* cost of UNOG interpreters at DNA

\*\* Operational Expenses includes total cost of ownership

\*\*\* Obligation raised in 2008, not yet fully expended, being used in 2009

### C. Human Resources

100. The CDM Management Plan (CDM-MAP) for 2009 was designed to strengthen the capacity of the CDM Executive Board and its support structure, including panels and working groups, designated operational entities (DOEs) and the secretariat, and developed in the context of the overall goal of the Executive Board, continued growth of the CDM and various prevailing challenges.

101. While there has been some improvement in the rate of staff recruitment, the secretariat continued to face some challenges in attracting suitably qualified candidates for available positions; some of the challenges relate to general skill shortage in the carbon market. Further to this, in response to the Board's request at EB 49 to review the requirements for vacant positions in order to broaden the pool of suitable candidates, the secretariat has contracted the services of a consultant to address the drafting of job descriptions and requirements for filling vacant positions.

102. The constraints to achieving a 100% recruitment level are analysed in this section of the report. The SDM programme has been able to cope with the increasing workload by using consultants and temporary staff (GTA contracts), and continued commitment of staff to take additional load, beyond sustainable limits.



103. At the end of 2008, only about 75% of approved posts were filled. As reported in the CDM-MAP (paragraph 22), as at 28 November 2008, the programme had 24 vacant positions.

104. At present, 68% of all posts included in the CDM-MAP 2009 have been filled, and a further 15% is under recruitment (Table 4). The successful completion of the recruitment goals, would allow for at least 83% of positions to be filled before the end of the year. This is in addition to the recruitment processes for the 24 vacancies carried over from the 2008 CDM-MAP.

105. In the period September / October 2009, an additional 15 recruitments were carried out, however 5 corresponded to internal promotions and 2 staff members left the programme, thus the number of posts filled only reflects a moderate increase in total terms.

106. In 2009, the secretariat has carried out 49 recruitment processes, of which 28 posts were filled by internal candidates (57%).

#### **D. Constraints in recruitment**

107. Several factors continue to impact negatively on the recruitment process and the secretariat's efforts to fill available vacancies in a timely manner.

108. Skill shortage and complexity of job specificity have, many a times, resulted in the need to re-advertise posts due to the inability to attract good responses from eligible applicants. Some posts have had to be re-advertised on more than one occasion.

109. The SDM programme has to abide by recruitment rules, regulations and processes that have set timelines and criteria, as set down in the UNFCCC Staff Selection System and other relevant United Nations administrative instruction with regards to staff<sup>7</sup>. An indicative time-line for filling a vacancy with an external candidate shows that on average, it takes between 5 to 6 months to fill a vacancy (preparation of a job description - 3 weeks, period for posting a vacancy announcement - 4 weeks, arranging the interview process including bringing in candidates for face to face interview - 3 weeks, Review Board consideration of the case - 2 to 4 weeks based on scheduled dates, informing appointed candidates and allowing them notice period before entry on duty - 1 to 3 months).

110. In the phased approach presented in the 2009 CDM-MAP, the recruitment of higher level posts was prioritized in order to strengthen the leadership capacity and ensure that the incumbents are involved in the effective recruitment of the lower level posts. This has some impact on the vacancy ratio as some of the higher level posts were, in some instances, filled by promotion of well-deserving internal staff, and thereby, opening further vacancies at the lower levels. This trend has been confirmed in the period September - October 2009.

111. The secretariat is exploring ways and options for addressing the above constraints and appropriate recommendations will be presented to the Board for consideration in due course.

#### **E. Status of recruitment**

112. The table below (Table 6) shows the status of recruitment as at 31 January, 31 August and 31 October 2009. As reported in the CDM-MAP 2009 (paragraph 22), there were 24 vacant positions at the beginning of the year 2009. Although the table shows that the level of staffing has only increased from 73 to 98 in the between January and 31 October, the rate of recruitment is considerably higher, as several of the posts filled at higher levels by internal candidates opened up more vacancies at the lower levels.

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<sup>7</sup> ST/AI/2006/3

**F. Graphic Description / Tables – Human Resources****Table 6: Status of recruitment as at 31 January, 31 August and 31 October 2009**

	<b>31 January</b>	<b>31 August</b>	<b>31 October</b>
Total D posts	1	1	1
Total P posts	69	96	96
Total G posts	32	46	46
<b>Total posts:</b>	<b>102</b>	<b>143</b>	<b>143</b>
<b>Occupied posts</b>	<b>73</b>	<b>90</b>	<b>98</b>
<b>Under Recruitment</b>	12	31	21
<b>New posts</b>	5	14	11
<b>Vacant</b>	12	8	13
<b>Total Post</b>	<b>102</b>	<b>143</b>	<b>143</b>

*Total number of posts include 4 post which were cost shared with JI in 2008 and 6 in 2009*

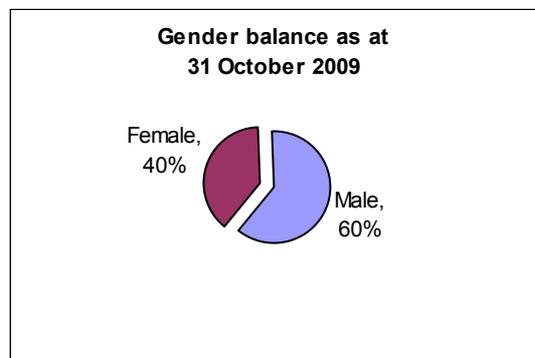
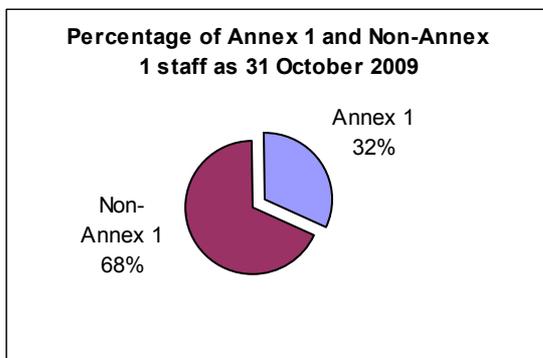
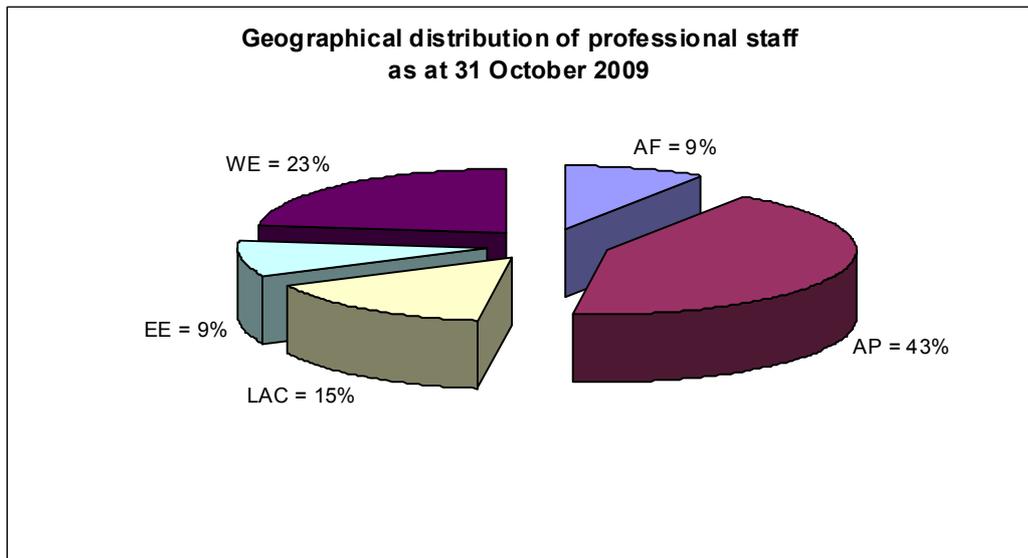
113. As at 31 October 2009, an additional 28 people are employed on temporary contracts in the CDM sub-programme. Therefore the total number of staff currently working in the sub-programme is 126.

114. Of the 21 posts under recruitment:

- (a) Job descriptions for 7 posts are in the pipeline;
- (b) Vacancy Announcements for 3 posts currently open – 2 P staff and 1 G staff;
- (c) Interviews for 11 posts scheduled to take place before 30 November 2009;

115. Charts 1 to 3 show that both geographical distribution and gender balance have improved, in particular, between January and October 2009. Table 7 presents additional details on this.

**Chart 1: Geographical distribution, percentage of staff from Non-Annex I Parties and Gender Distribution as at of professional posts as at 31 October 2009**





**Table 7: Summary of geographical distribution, percentage of staff from Non-Annex I Parties and Gender Distribution of professional posts as at 31 October 2009**

<b>P staff summary</b>											
<b>Gender</b>			<b>Geo Balance %</b>			<b>Geo Balance numbers</b>			<b>Annex I/Non-Annex I</b>		
<b>Jan 09</b>	<b>Aug 09</b>	<b>Oct 09</b>	<b>Jan 09</b>	<b>Aug 09</b>	<b>Oct 09</b>	<b>Jan 09</b>	<b>Aug 09</b>	<b>Oct 09</b>	<b>Jan 09</b>	<b>Aug 09</b>	<b>Oct 09</b>
m = 30	m = 38	m = 39	AF = 4%	AF = 8%	AF = 9%	AF = 2	AF = 5	AF = 6	A1 = 18	A1 = 19	A1 = 21
f = 19	f = 22	f = 26	AP = 45%	AP = 43%	AP = 43%	AP = 22	AP = 26	AP = 28	NA1 = 31	NA1 = 41	NA1 = 44
<b>total = 49</b>	<b>total = 60</b>	<b>total = 65</b>	LAC = 14%	LAC = 17%	LAC = 15%	LAC = 7	LAC = 10	LAC = 10	<b>total = 49</b>	<b>total = 60</b>	<b>total = 65</b>
<b>m = 61%</b>	<b>m = 63%</b>	<b>m = 60%</b>	EE = 12%	EE = 10%	EE = 9%	EE = 6	EE = 6	EE = 6	<b>A1 = 37 %</b>	<b>A1 = 32 %</b>	<b>A1 = 32 %</b>
<b>f = 39%</b>	<b>f = 37%</b>	<b>f = 40%</b>	WE = 24%	WE = 22%	WE = 23%	WE = 12	WE = 13	WE = 15	<b>NA1 = 63 %</b>	<b>NA1 = 68 %</b>	<b>NA1 = 68 %</b>
						<b>total = 49</b>	<b>total = 60</b>	<b>total = 65</b>			

#### SECTION 4: CONCLUSIONS

116. This report has indicated the progress achieved by the CDM in several areas and against the operation objectives presented in the CDM MAP for 2009. Additionally, it provided an updated of the status of resources of the CDM that indicated the accumulation of savings to be carried out into the 2010 budget and of a healthy cashflow, and the status of recruitment that after some initial difficulties seems to proceed more steadily.

117. The report also presented a list of activities that were not indicated in the 2009 MAP, but mandated to the secretariat by the Board during the first months of 2009. Some of these activities have taken place while others are in progress or to be initiated. These activities had financial implication which were covered by savings in 2009 and they will be fully monetized and incorporated in the 2010 CDM MAP.

118. For those new activities mandated by the Board in 2009 for which additional resources are needed, these additional resources will be immediately covered through contracting staff on a temporary basis.

119. The CDM MAP for 2010 will be presented to the CDM Executive Board for approval at its fifty-second meeting in February 2010. The MAP will then reflect the outcomes of the independent external review and results from the Copenhagen negotiations.

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