



Annex 25

CDM MANAGEMENT PLAN

Please find attached the CDM Management Plan (Version 18 October 2005)

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CDM MANAGEMENT PLAN (CDM-MAP) 2005–2006

Introduction

With the entry-into-force of the Kyoto Protocol on 16 February 2005, there is now certainty for Parties, the business community and stakeholders in developed and developing countries that the CDM is established and operational. This definitive signal has focussed attention on the multiple benefits offered by the CDM: certified emission reductions (CERs), i.e. credits generated from CDM projects, can be used by Annex I Parties to the Convention in achieving compliance with their Kyoto Protocol emission reduction targets in a more cost-effective manner than through domestic action. Simultaneously, the same CDM projects are to assist non-Annex I Parties to the Convention in achieving sustainable development and in contributing to the ultimate objective of the Convention. Through the CDM, more investment in a cleaner path to development and increased transfer of environmentally safe and sound technology is to happen than would otherwise be the case.

The sharpened focus on the win-win potential of the CDM – with good projects offering opportunities to companies and communities for bringing more sustainable development while mitigating climate change in practically all economic sectors across the world – has resulted in predictions of an imminent surge in CDM activity. For the CDM Executive Board, which supervises the CDM under the authority of the COP/MOP, and its support structure this means to be prepared for a significant increase in the number of requests for the registration of CDM project activities and the issuance of CERs as well as continued intensification of its work on methodologies for baselines and monitoring and the accreditation of operational entities. The latter is important as designated operational entities (DOEs) are needed to validate CDM project activities and perform the verification and certification of CERs. Demands for increased services in the near future are amplified by the fact that many project developers are concerned that, with uncertain post-2012 prospects, the “window of opportunity” for CDM projects may be closing at the end of the first commitment period 2008-2012.

This CDM Management Plan (CDM-MAP) 2005-2006 shows how to strengthen the capacity of the CDM Executive Board and its support structure – including the panels and working groups, the designated operational entities and the secretariat – if the challenges are to be successfully met. It has been elaborated, even though resources were not fully available, as requested by COP 10.

The plan is based on functions and provisions of the CDM modalities and procedures as contained in the Marrakesh Accords and subsequent decisions (see [Annex 1](#) - Mandates) which are recommended, as attached to the draft COP/MOP decision, for adoption by the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol at its first session (COP/MOP 1). These CDM modalities and procedures spell out the functions that the Board needs to carry out – in an efficient, cost-effective and transparent manner – to safeguard the environmental integrity and to promote the economic viability of the CDM (see [Annex 2](#) – Functions of the CDM Executive Board). They also specify the support structure on which the Board can draw. Decisions taken at COP 7, COP 8, COP 9 and COP 10 stressed the need to endow the Board with adequate financial resources to carry out its work on the CDM without delay and voiced concern about the shortfall.

This plan for the 18-month period from mid-2005 to end 2006 has been elaborated to ensure clear orientation for the Board and all other actors working on the CDM as well as full awareness of the requirements to successfully deliver the CDM. An important part of the latter is that COP/MOP 1 takes action on a number of critical matters, including namely: (i) the adoption of the CDM modalities and procedures (as attached to the draft COP/MOP decision); (ii) privileges and immunities for members and alternate members serving on the Board; (iii) the availability of

adequate, predictable and stable financial resources, as reiterated by COP 10 and in the G-8 declaration of 8 July 2005.

The CDM Management Plan 2005-2006, while reflecting the Board's activities, experiences and adjustments during the CDM "prompt start" phase, is forward looking. It shows how the Board and its support structure can cope with full-fledged and rapidly increasing operations. Having so far been under the authority of the COP, the COP/MOP will take over as of its first session in November 2005. In the light of guidance by COP/MOP 1, provided in the context of the consideration of the Board's annual report 2004-2005 (document FCCC/KP/CMP/2005/4 and addendum), further practical experience with the day-to day needs of CDM operations and longer-term perspectives, the plan is expected to be adjusted. It will thus provide orientation but also be a living document.

Executive summary

Objective: The CDM-MAP spells out how the CDM Executive Board and its support structure, as well as interaction among them and CDM stakeholders, need to be strengthened to meet the challenges of implementing a growing CDM.

Service to be provided: This CDM-MAP is based on the mandated functions of the Board that can be distinguished as being policy-related, procedural and case-related. From these functions arise three tiers of work, undertaken either directly by the Board or by the support structure under the Board's supervision and responsibility. The third tier, i.e. case-related tasks, is most prone to variability and lack of predictability. Surveys of DOEs and designated national authorities (DNAs) are therefore carried out by the secretariat each quarter in order to project the expected workload. Current indications are that, until the end of 2006, 400 requests for registration and issuance, some 80 proposals for methodologies and 20 applications for accreditation can be expected.

The Board and its support structure – performance factors: When considering the capacity to perform, key elements apart from the timely availability and adequacy of resources, are as follows:

- Actors and their roles: the CDM Executive Board and its support structure
- Status and commitments of members and alternate members of the Board, members of the panels and working groups, and the secretariat
- Modalities for undertaking the work of the Board - including through the panels, working groups and committees as well as the nature of services and commensurate human resource requirements of the secretariat – and facilitating communications both among the Board and its support structure as well as with project proponents and stakeholders in general.

Actors and their roles: The CDM-MAP foresees that the CDM Executive Board continues to draw on the following support structure: a system of experts working together in panels on methodologies (CDM-MP) and accreditation (CDM-AP), and in working groups for afforestation and reforestation project activities (A/R WG) and small-scale project activities (SSC WG), designated operational entities (as the "extended arm of the Board" for validation of projects and verification/certification of CERs) and the secretariat. **The governance and support structure of the CDM is shown in the chart below.**

Status and commitments: This CDM-MAP supposes that the availability of Board members and alternates is limited as they need to pursue their regular employment. On average, the capacity to undertake CDM work is limited to 7.5 working days per month per member and alternate. This limitation necessitates the strengthening of other elements of the support structure, notably the secretariat, to ensure that the required workload can be handled within the tight timelines set by the Marrakesh Accords and the Board. The *sine qua non* for ensuring a well-functioning support structure is the adequate and predictable endowment with resources. Frequent monitoring of

resources and operational requirements is needed and early warning required on an emerging mismatch.

Modalities for undertaking work: This CDM-MAP acknowledges that the CDM is designed largely as a bottom-up process and engages multiple actors in many sectors and at country and international level. A continuous learning and adjustment process on all sides is essential so that the quality of input and output are improved. This requires proficient communication, clear and consistent procedures and guidance, clarity on technical issues and documentation of high quality. The Board and its support structure aim at strengthening their capacity to comply with these objectives and to be as responsive as possible. As their effectiveness to deliver depends to a significant extent on the initial quality of cases submitted and proposals made, the full and bi-directional use of communication facilities is essential. Still, in a highly dynamic system like the CDM, shortfalls and bottlenecks may occur even with best effort applied. Also, the complexity and political sensitivity of cases may, at times, require referral to COP/MOP.

The CDM support scenario until the end of 2006: This CDM-MAP has been devised to allow the Board and its support structure to handle the expected range of functions, in particular the caseload as forecast. The key features of this CDM support scenario are the following:

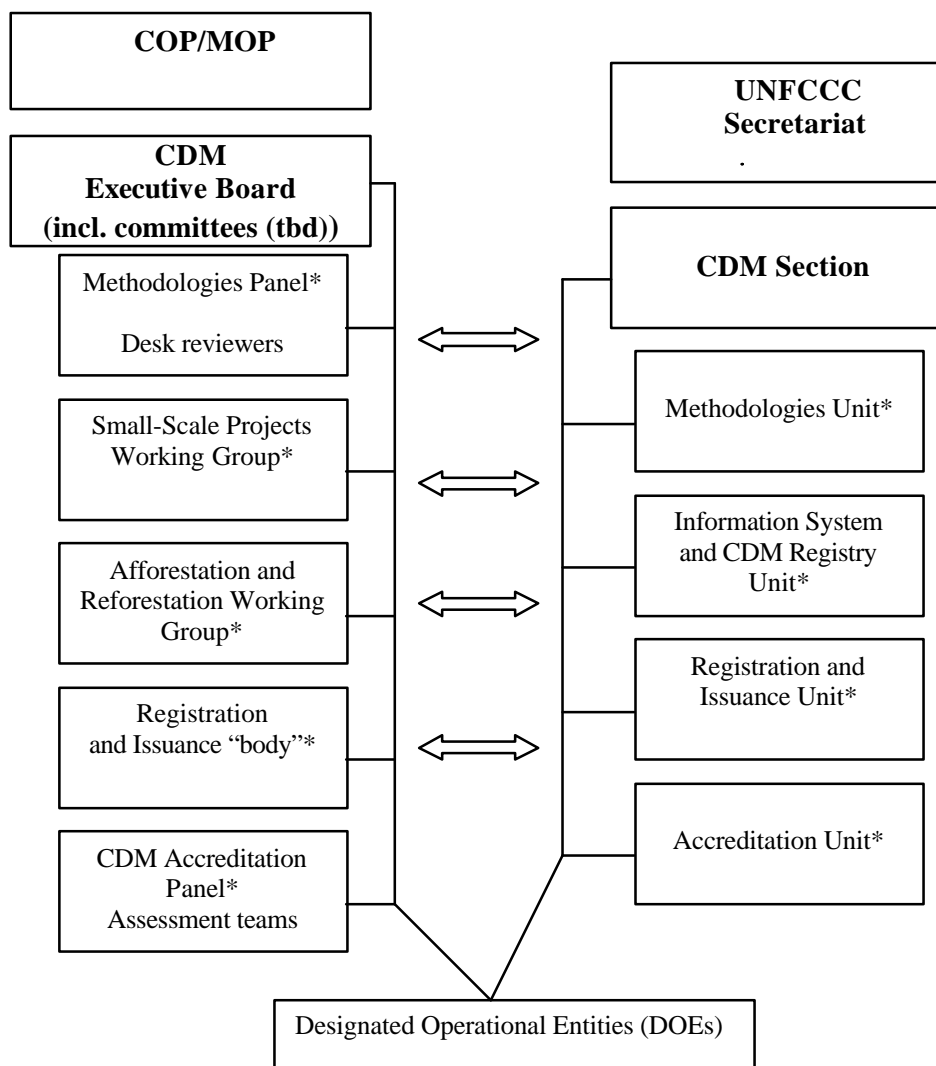
- The Board's primarily executive role and its capacity limits are acknowledged. It sets up an Executive Committee to facilitate decision-making.
- The panels and working groups, while having been significantly expanded in mid-2005 in the case of the Methodologies Panel, are being further strengthened to respond to expanded functions and improve their functioning. A body to handle registration of projects and the issuance of CERs is to be set up.
- The secretariat is to shoulder the bulk of the rising caseload. It is to increase the technical and procedural input into the process, in addition to continuing its process management and communication support functions. This requires appropriate financial resources to be available on time and in a sustained manner so that human capacity can be put in place, both in terms of number of staff and qualifications. In addition to increased staff levels, the existing network of specialized experts needs to be further built up so that the secretariat can draw on them at short notice for obtaining in-depth technical input. High standards of technical competence, flexibility and quick turn-around times can thus be achieved and, hence, efficiency and cost-effectiveness in handling a rising demand for CDM services.
- The expansion of capacity and activity will occur as resources become available. The proposed programme budget 2006-2007 had already foreseen resources for some measures in 2006, such as an enlarged Methodologies Panel, more meetings per year and strengthened secretariat support for methodological work and documentation. The stepped-up activity level described in this CDM-MAP 2005-2006 requires, however, additional resources from supplementary funding until the end of 2006. The corresponding budget amounts to USD 14.2 million - against which USD 3.9 million were received as of 30 September 2005 - as described in [Annex 6](#). The current shortfall therefore stands at USD 10.3 million. These resources are to be available as early as possible to cope with functions and the expected caseload in 2006. If COP/MOP 1 agrees with the recommended approach on the share of proceeds to cover administrative expenses, the corresponding revenue could start to costs of operational activities as of 2008.

Strengthening the functioning of the wider CDM community: This CDM-MAP concentrates on the strengthening of the Board and its support structure. In order to make the CDM function as intended in the Marrakesh Accords, it is, however, essential that other parts of the system, such as project developers/participants, applicant entities and DNAs, have the required capacity. While the building up and strengthening of the capacity of individual actors is not within the scope of this CDM-MAP, awareness of and familiarity with the CDM is being promoted through the UNFCCC CDM web site and the CDM News facility with more than 4,500 subscribers as well as outreach



efforts of the Board and the secretariat. The CDM-MAP will bring further improvements in this respect. For specific capacity-building needs, it is expected that interested parties make full use of existing initiatives that are offered at various levels.

CDM governance and support structure



* Additional specialized expertise is drawn upon as required.

I. Strengthening the capacity of the CDM Executive Board

The role of the CDM Executive Board

- (1) With the fundamental procedures for the CDM being in place, and once a well-established and functioning support structure has evolved, as resources become available, the Board is increasingly able to assume an **executive role within the context set by the CDM modalities and procedures as contained in the Marrakesh Accords**¹.
- (2) In accordance with its executive role, the focus of the Board is on **policy-related functions, process-monitoring and the optimization of procedures**. Examples for policy-related functions are the monitoring of the regional and sub-regional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution as stipulated in the Marrakesh Accords. Process-monitoring includes the assessment of trends in the quality of inputs by the various actors to ensure that efficiency and integrity standards are met (requiring good quality of proposals by project proponents for CDM projects and methodologies; of applications by applicant operational entities and performance of functions; and of contributions and comments from the public). The optimization of procedures requires their review and streamlining where necessary. Major measures taken by the Board to date are summarized in Annex 3. Related to this is the need to ensure that the support structure is well-established and functioning and, hence, that performance monitoring, including spot-checks, are carried out.
- (3) The Board's decisions on **operational, case-related functions** are prepared by the appropriately equipped and qualified support structure (e.g. requests for registration and issuance). This implies the technical scrutiny *en detail* by the support structure, including the DOEs, as appropriate, while the Board exercises its supervisory functions and assumes overall responsibility as stipulated in the Marrakesh Accords. The relationship between the Board and its support structure is as follows:
 - Panels and working groups, comprised of experts selected by the Board, continue to make recommendations in their areas of expertise, such as providing technical advice and support functions regarding cases submitted (e.g. methodologies and accreditation).
 - Designated operational entities play their role as the extended arm of the Board in ensuring the integrity during validation of projects, and during verification and certification of CERs, exercising their functions in a manner that the Board has confidence and increasingly relies on their findings.
 - The secretariat provides, the significant strengthening of its capacity assumed, increased technical and procedural backstopping, notably through substantive inputs where required and feasible, and by drafting improved documentation – in addition to continuing its process management and communication functions. In order to perform its executive role, the Board receives from the secretariat succinct decision-sheets comprising the critical elements on cases (having been dealt with by panels and working groups) and on issues requiring policy advice and further guidance by the Board. The reports provide summaries of the key elements underlying recommendations and decisions.

¹ It is assumed that members and alternates of the Board will be protected by privileges and immunities as needed to exercise their functions, with COP/MOP 1 taking action as necessary (see document FCCC/KP/CMP/2005/6). It is further assumed that Board members and alternates continue to (i) be nominated and elected in the same manner as stipulated in the Marrakesh Accords; (ii) function in a personal capacity; (iii) possess the required qualifications; (iv) perform their role on the Board in addition to their regular employment; (v) declare when a conflict of interest arises.

- (4) While anticipating and preparing for the shift of emphasis in the Board's *modus operandi*, its standard-setting role in a "bottom-up" system like the CDM, especially during a phase when first-of-a-kind cases account for the bulk of submissions, will need to be fully assumed by the Board.

Status and commitments of members and alternate members of the Board

- (5) The Board is comprised of ten members and ten alternates who are, once nominated by constituencies, elected by the COP/MOP. They function in their personal capacity. Board members (and alternates) must have appropriate technical and/or policy expertise. They take an oath stating that they have no conflict of interest. The Board considers these provisions, including on the status of members, as a reflection of the unique role assigned to it: being at the interface of an intergovernmental and an implementation process, i.e. being responsible to COP/MOP while playing its part in ensuring the operational viability of the CDM. A change in status, such as full-time assignments to the Board by part of or all members, may pose problems in fulfilling this role.
- (6) Members accepting to serve on the Board need to ensure that they can perform their functions and responsibilities and make the required commitment in time and effort (including vis-à-vis their usual employer), specifically
- to be able to devote a significant amount of time to attend meetings of the Board and to perform inter-sessional work. In accordance with the provisions of this plan, assuming notably a strengthened secretariat, a member would need to devote an average of 7.5 days per month to the work on the Board. Sessional and inter-sessional duties assigned must be performed within agreed time limits. Absences from meetings, even when justifiable, need to be avoided so that the workload for other members does not become excessive. If members feel unable to meet their obligations, early notice should be given to the Chair and the secretariat and, if necessary, to the constituencies which nominated the member. NB: the demand on the time of Chairs and Vice-Chairs of the Board, the panels and the working groups can be considerably higher than for members, also bearing in mind that they need to exercise Executive Committee functions;
 - to have no conflict of interest regarding cases on which the Board takes decisions;
 - to be conversant and comfortable with the type of decisions which the Board has to take. In nominating members, constituencies therefore need to ensure that their nominees match the characteristics required and commit themselves to working on the Board.
- (7) The costs of travel and attendance of all Board members and alternates, acknowledging their provision of expert services, should be considered to be funded under the budget for work on the CDM (supplementary). In view of the extent of work handled by the Board, and the expertise provided in this context, the COP/MOP may wish to consider to compensate Board members and alternates for services provided (e.g. for a fixed number of days per case handled and for the time devoted to attending Board meetings). This would also be in line with Board members performing their functions in a personal capacity and allow them to independently perform their CDM functions instead of these being funded by their regular employer.
- (8) In view of the functions it performs under the authority of COP/MOP, the legal status of members and alternates of the Board requires urgent clarification i.e. COP/MOP ensuring that the Board and its members are fully protected when taking decisions for which they have been mandated. They need to be able to take such decisions in a manner fully safeguarding the integrity of the process. A note by the secretariat on privileges and immunities will be presented to COP/MOP 1 with a view to a decision being taken at that session (see document FCCC/KP/CMP/2005/6).

Modalities for undertaking the work of the Board, including facilitating communication

- (9) The Board undertakes its work at meetings and in-between meetings. The work of the Board can be differentiated into three tiers (detail in [Annex 5](#)):
- **Tier 1** comprises governance functions, including reporting to COP/MOP (25 per cent of the workload). The number of work days for each member could easily be in the range of over 10 to 20 working days per month.
 - **Tier 2** refers to work on policy-related, procedural and standard-setting issues (about 20 per cent of the workload).
 - **Tier 3** is of an operational and case-specific nature (about 55 per cent of the total workload). The secretariat carries out regular surveys of DOEs, applicant entities (AEs) and DNAs to predict the case flow on a 12-months basis. The most recent survey by the secretariat indicates 400 requests for registration of projects and issuance of CERs until the end of 2006 ([Annex 4](#)). In addition, there is the consideration and approval of methodologies, the development of consolidated methodologies and the consideration of applications for accreditation – expected to total some 100 cases until the end of 2006.
- (10) From mid-2005 to end 2006, 11 meetings are planned: three in the second half of 2005 and eight in 2006. The latter is therefore a steep increase over 2005 in anticipation of a sharply higher volume and complexity of work. The Board takes its decisions at meetings which commonly last for three days, preceded by 1-2 days of informal consultations.
- (11) The Board continues its established practice to meet with the observers present at its meeting venue to answer questions on issues before it (final day of its meetings). The venue of Board meetings is Bonn (Germany) unless otherwise specified. The public part of meetings and the exchanges of the Board with observers are web-cast via internet to allow world-wide and immediate access to the information. The Board continues to call on stakeholders where necessary.
- (12) The Board holds Q&A sessions in conjunction with sessions of the COP/MOP and subsidiary bodies. The Board undertakes its work at meetings and in-between meetings.
- (13) In the interest of efficiency and expediency of decision-making, the Board continues to take decisions by electronic means especially when handling cases, e.g. on the registration of project activities within the timelines of 8 or 4 weeks, as appropriate.
- (14) The Board prepares decisions on policy or procedural issues in small, informal committees.
- (15) The Board continues to draw on the expertise of panels and working groups. The secretariat provides services for all these functions. A senior staff is assuming the functions of secretary to the Board. This support structure has been backstopped, where warranted, by expertise provided by panels and working groups, specialized experts (desk reviewers, assessment teams and consultants). With the improvement in the resource situation, the strengthening of these areas is urgent and is spelled out below.
- (16) In order to cope with the work ahead, to explore further potential for streamlining and to enhance communication with stakeholders, the Board plans to amend and modify its *modus operandi* and/or strengthen its implementation as follows:

- An Executive Committee, comprising the Chair and Vice-Chair of the Board and the Chairs of the panels, committees and working groups, is established to agree, in-between meetings, on issues that require quick and authoritative input by electronic means, including responses to queries by the Board.
- Alternate members are to perform the same functions as members. In accordance with the Marrakesh Accords, they remain, however, excluded from voting (it needs to be clarified whether this also pertains to the consideration of registration and issuance cases).
- Alternates can be Chairs and Vice-chairs of panels and working groups if the COP/MOP agrees to an amendment to the rules of procedure, thus allowing for more flexibility.
- In addition to the facilitative measures agreed by the Board since COP 10, covered in the report to COP/MOP 1, the Board keeps its procedures (approval of methodologies, registration of projects, issuance of credits, accreditation) under review with the commitment to further streamline and strengthen them as needed.
- Executive Board reports are to provide short, succinct explanations of agreements reached by the Board.
- Further guidance is provided to panels and working groups as required, notably based on feedback from the Chairs and Vice-Chairs of these groups, with the view to optimizing the responsiveness vis-à-vis the Board and stakeholders.
- Further guidance and clarifications are provided to project participants and to DOEs as needed, including through exchanges of information and experiences with the DOE/AE forum.
- Unsolicited communications from the public are addressed in accordance with procedures established to ensure that the Board is responsive.

II. Strengthening the capacity of the Methodologies Panel (CDM-MP), the Accreditation Panel (CDM-AP) and the Working Groups on Afforestation and Reforestation (A/R WG) and on Small-scale Project Activities (SSC WG)

Key elements determining the capacity of the two panels and the two working groups are similar to those of the Board. They are circumscribed as follows:

- their role in the structure,
- the status and commitments of members,
- the modalities and procedures for undertaking work assigned by the Board.

The role of panels and working groups

- (1) The CDM-MP and the CDM-AP and the two currently existing working groups – A/R WG and SSC WG – continue to carry out technical functions, either of a general nature or related to specific cases. They make recommendations to the Board, taking into account the regularly solicited additional specialized expertise and, where available, public comments (unfortunately on the decline). Regarding methodologies proposed by project participants, members assigned to cases screen them and provide early feedback. Work is further carried out on the consolidation of methodologies and on policy and procedural issues.
- (2) Terms of reference of the panels and working groups continue to be reviewed at intervals and adjusted as necessary.
- (3) Guidance to the panels and working groups is provided by the Board. They are chaired by a Chair and Vice-Chair who are Board members (alternates, as appropriate). The Chair reports back to the Board on their activities and presents the recommendations. Two additional members of the Board are set to join the CDM-MP.

Status and commitments of members

- (4) **Membership:** The **CDM-MP** is comprised of 15 members who are working in parallel track according to their areas of specialization, allowing a significant increase in the number of cases handled. This is in effect since resources became available in mid 2005 that allowed the expansion in membership (previously 10 members). Two Board members, apart from the members serving as chair and vice-chair, are joining the CDM-MP as of October 2005. The **CDM-AP** has been comprising five accreditation experts and is being strengthened by a methodologies expert as of October 2005. The two working groups have 7 members each. Candidates for the panels and working groups are screened and interviewed for their technical competence and selected according to pre-established criteria to ensure that qualifications match the respective terms of reference. The consideration of regional balance is fully taken into account. Members take an oath stating that they have no conflict of interest. They are compensated for the number of days worked.
- (5) **Meetings:** The work is undertaken at meetings and intersessionally through frequent electronic exchanges among members. From mid-2005 to end 2006, a minimum of 8 CDM-MP meetings of 4-5 days are planned to be held: three in the second half of 2005 and five in 2006. The average number of days related to a single meeting is 20 per member. With 8 meetings over the period, each member is expected to work for 160 days. On average, a member is therefore expected to work on CDM matters for approximately 10 days per month and, with 15 members, 150 working days would be available per month (approximately 2,750 days over an 18-months period). Each of the working groups would approximately provide 1,300 days so that the total of these three elements of the support structure delivers some 5,300 working days to handle approximately 100 cases and perform other functions such as the development of consolidations, procedural proposals and inputs on technical and policy issues upon the request of the Board. In the case of the CDM-AP, the number of meetings planned in 2005-2006 is ten (10) to enable it to cope with the expected increase in cases to be considered regarding accreditation for validation as well as for verification and certification functions. Also, the length of CDM-AP meetings may need to be extended in function of the workload. All panel and working group meetings are to be held at UNFCCC headquarters in Bonn (Germany).
- (6) These commitments imply the following:
- All members are qualified and available to fully assume their duties, even within very short notice periods (e.g. 48 hours). Upon recommendation of the Chair and Vice-Chair, the Board can decide to replace a member if skills and performance are unsatisfactory or for any other reason relating to the oath of service and the TORs.
 - Members unable to meet the obligations shall step down so that they can be rapidly replaced.
 - Internal procedures are kept under review by the bodies with the commitment to quickly identify bottlenecks and further streamline and strengthen them as needed (e.g. inclusion of expertise on methodologies in the accreditation process).
 - Upon receiving guidance from the Board, panel and working group members engage in direct dialogue as feasible. The secretariat is kept informed of such exchanges.
 - Recommendations are well-explained. Clear and succinct documentation is provided to the Board to facilitate decision-making. The secretariat assists the panels and working groups in this function.
 - Meetings are held with DOEs to clarify issues of mutual concern, as necessary and as requested by the Board.

- (7) The central factor, especially regarding work on methodologies proposals by project developers and applications for accreditation, is the quality of input received, including any contributions and comments from the public. As the Board intends to help project developers whose initial methodologies proposals are not yet fully meeting the requirements, it falls upon members of the CDM-MP and the A/R WG to engage in further work to bring cases to successful approval. This facilitation entails a significant investment of time and effort into the methodologies process. This had not been foreseen in the Marrakesh Accords which assumed a simple approval or rejection mode and, hence, included the provision that a proposal could be reviewed within four months.

III. Strengthening the capacity of the secretariat

The role of the secretariat

- (1) The secretariat has been assigned in the Marrakesh Accords the role to service the CDM Executive Board. This CDM-MAP foresees a considerable strengthening of the role of the secretariat to support the Board in performing its three tiers of tasks. This is to enhance the capacity of the secretariat to service the Board in its executive functions through providing policy and procedural advice, preparing succinct decision sheets and assisting other elements of the support structure (panels, committees and working groups) to perform efficiently. The strengthening will allow the secretariat (i) to continue, as the quantity of cases increases rapidly, its existing functions (such as process management and communication) and (ii) to assume increased qualitative functions in pre-assessing incoming cases and carrying out completeness checks. The incoming manager of the CDM section is to perform the functions as secretary of the Board (to date exercised by the Acting Coordinator of Cooperative Mechanisms programme), while the lead officers of units (methodologies, registration and issuance, and accreditation) serve as secretaries of the respective support bodies.
- (2) Specifically, with the transition into an increasingly case-specific operational mode and the concentration of the Board on executive functions, the secretariat is foreseen to play an increased role in the technical and procedural back-stopping – either in collaboration with experts in the panels and working groups or, as in the case of registration and issuance, directly supporting the Board, drawing on outside expertise as needed. Of particular importance is the enhancement of documentation going to and coming from the Board and its panels and working groups so that the quality of communication improves. In addition, there is an urgent need to enhance the tracking of decisions that the Board has taken. The secretariat also needs to perform additional functions relating to small-scale afforestation and reforestation projects.
- (3) In addition, the secretariat will continue and expand process-management and communication support functions. During the prompt start phase, the secretariat frequently elaborated options papers and prepared technical input, including extensive drafts such as on the accreditation procedures or on methodological background issues, as requested. Such functions will need to be pursued, e.g. if the Board requests further streamlining of procedures.

Modalities for undertaking work, including facilitation of communications

- (4) The ability of the secretariat to deliver functions with increased intensity and to take on new ones depends on the availability of financial and human resources.

- (5) The secretariat is responsible for ensuring that information is available on activity levels and resources for the CDM and for managing CDM matters under its purview. For this purpose, the following planning, monitoring, process-management and communication tools have been deployed since the inception of the CDM:
- work plans (annual) and work programmes (for each meeting) of the Board, its panels and working groups
 - the biennial UNFCCC programme budget containing, inter alia, provisions for the work on the CDM
 - the CDM project document (current version covering 2005-2007), indicating expected major outputs, activities and resource requirements. As resource requirements are based on activity levels and modalities of work expected in early 2005, upward adjustments are required in light of survey results and additional demands arising from the CDM-MAP approach selected by the Board for handling and structuring its work (see [Annex 6](#)); CDM-related transactions are covered through financial planning and monitoring tools
 - Tools for the management of work processes/operations and communication (such as the UNFCCC CDM web site and the CDM News Facility, intranets and extranets), developed by the secretariat, are maintained and further elaborated to match user needs.
- (6) The secretariat continues to elaborate a **draft annual work plan/schedule and work programmes**. The annual work plan is, at the first meeting of each calendar year, agreed by the Board, detailing the number and length of meetings of the Board and its panels and working groups, bearing in mind, inter alia, (i) the dates when cases would likely be submitted so that the work flow and the consideration cycle are optimized, (ii) tight timelines set by the CDM M&P and by internal Board procedures, (iii) the need to obtain public input and have feedback loops with project proponents and operational entities, (iv) the dates of intergovernmental meetings (COPs, COP/MOPs and SBs), (v) deadlines for the submission of documents (UN rules and the Board's rules of procedure), and (vi) limits to the availability of Board, panel and working group members. The work plan for 2005, as agreed at EB-18 and the tentative work plan/schedule until the end of 2006 (to be finalized at EB21) are contained in [Annex 7](#). The latter anticipates an enhanced frequency of meetings to deal with increased case flow and other issues.
- (7) The **biennial UNFCCC programme budget** (currently for 2004-2005) shows projected results expected from the CDM process and required resources. The programme budget for the biennium 2006-2007 has been agreed by the twenty-second session of the Subsidiary Body for Implementation (May 2005) and is foreseen for adoption at COP 11 for endorsement by COP/MOP1 in November/December 2005. The activities on the CDM and the required resources are described in the main document which pertains to the programme budget and in addenda which specify core and supplementary activities and their resource needs (FCCC/SBI/2005/8 and its addenda 1 and 2). The activity levels are based on estimates of the expected caseload in 2006-2007 which are borne out by the latest survey results.
- (8) The **CDM project document**, prepared and updated by the secretariat as needed, serves since 2002 as the overall planning tool relating to outputs, activities and human and financial resource requirements for the work of the CDM. Its assumptions and parameters are congruent with indications of the Board as to the expected workload and with the UNFCCC programme budget for the biennium. The document is made available to Annex II Parties with an interest in making voluntary contributions to the CDM. [Annex 6](#) contains the recently updated revision for the period 2005-2007 and shows the resources required including implications arising from this CDM-MAP.

- (9) **Major budget and finance indicators** are updated by the secretariat and presented to each meeting of the Board (e.g. expenditure status, income levels and shortfalls in resources), including sources of income other than voluntary contributions by Parties, such as fees for case-specific work (requests for registration and applications for accreditation).

From 2002-2004, resources for supporting the work on the CDM mainly came from supplementary resources (voluntary contributions by Parties and fees for case-specific work). With the entry into force of the Kyoto Protocol on 16 February 2005, some resources are also available from the core budget. With the introduction of a share of proceeds to cover administrative expenses, an additional revenue stream is expected to grow in importance as the CDM case flow and the CERs generated reach a significant level. This is expected to cover expenditures to a significant extent in the course of the biennium 2008-2009. - The **financial management of the CDM** is performed by the secretariat. Its Integrated Management Information System (IMIS) tracks administrative activities and related financial transactions. It also allows to monitor resource flows in real time. This feature has been critical over the past years as resources for the work on the CDM remained persistently below required, and often at crisis, levels. Shifts in CDM budget lines were frequently needed to direct resources in an ad hoc manner to areas where they were most immediately and urgently needed.

- (10) Two major innovative **process management and communication tools**, both developed and maintained by the secretariat since 2002, are essential to handle the day-to-day planning, organization and support of the various CDM processes:
- the electronic workflow system which allows the multitude of CDM functions to be carried out efficiently and in a consistent manner, and
 - the network of extranets (7) and listserves (more than 60) which connects, and allows ongoing dialogue among, members of the Board, the panels and working groups, DOE/AEs, DNAs and experts and the secretariat.

These internal communication management systems are complemented by the public communication tool, the UNFCCC CDM web site which displays information in an up-to-date manner on all results and processes of the CDM. It also allows to issue calls for public input, one of the central and unique features to engage a wide community in the CDM, for experts (e.g. on methodologies). The CDM information system also features a CDM News Facility which conveys latest information to over 4,500 subscribers worldwide and helps them to update their own planning and implementation schedules.

- (11) The **CDM support structure within the secretariat** was so far only equipped to provide process management. Yet, anticipating in 2004 the need for increased technical and procedural support and expecting that commensurate resources for the work on the CDM would become available in the beginning 2005, the secretariat devised a support structure. Once initial resources became available in May 2005, a recruitment process was launched to enlarge the staff working on substantive issues (methodologies, registration and issuance, accreditation) from currently four to ten professional officers (phase 1 – to be in place in late 2005/early 2006). Phase 2 was launched in September 2005 (recruitment of CDM Manager, two additional professional officers for accreditation and methodologies and two general service staff – to be in place in early 2006). In the meantime, the secretariat is drawing on internal expertise on an ad hoc basis, other functions permitting. Phase 3 corresponds to the additional needs identified in the CDM-MAP (three additional professional officers for registration and issuance; one professional officer for IT support; and four general service staff in the respective units) and will proceed as soon as resources are available. The secretariat support structure for the work on the CDM, including strengthened managerial and technical capacity, is planned to be fully built up in the first half of 2006.



(12) The organisational structure of the **CDM section**, being part of the Project-based Mechanisms Programme, and its relationship with other parts of the CDM support structure is shown in the chart above entitled **CDM governance and support structure**. The CDM section is headed by a Manager who supervises, apart from being the secretary of the Board, 4 substantive/technical units, each coordinated and managed by a lead officer and a small management and communication unit (supported by 3 general service staff for organising meetings of the Board and ensuring quality management of the CDM web site). According to this CDM-MAP, the 4 substantive/technical units are to be staffed with 17 substantive officers and 5 IT staff as well as 11 general service staff (in parentheses the staff level as of 30 September 2005: 4 substantive professional staff, 3 IT staff, 5 general service staff). The breakdown by unit is as follows:

- Methodologies Unit (8 (2) professional and 3 (3) general service staff),
- Registration and Issuance Unit (6 (0) professional and 4 (0) general service staff),
- Accreditation Unit (3 (2) professional and 2 (2) general service staff)
- Information system and CDM Registry Unit (5 (3) professional (IT) and 2 (0) general service staff).

Annex 1 Mandates

The basis for work on the CDM is Article 12 of the Kyoto Protocol and detailed mandates established through the Marrakesh Accords and COP decisions since then. These govern the assignment of roles and functions as well as conditions of work. Core provisions are as follows:

- The COP/MOP exercises authority over and provides guidance to the CDM. Until the first meeting of the COP/MOP, this responsibility is being assumed by the COP. The respective roles and functions of the COP/MOP and the CDM Executive Board are set by decisions which are a core part of the Marrakesh Accords.
- The CDM Executive Board supervises the CDM and can draw on committees, panels and working groups to perform its technical and standard-setting functions, including the approval of methodologies for baselines and monitoring. For operational functions, the Board relies on operational entities which it accredits and which are designated by COP/MOP. These designated operational entities (DOEs) were introduced through Article 12 of the Kyoto Protocol to avoid operational bottlenecks as they can flexibly respond to varying caseloads in the areas of validation/requests for registration of projects and issuance of certified emission reductions (CERs). In order to monitor the availability of such services across the globe, the COP/MOP is to assess the regional distribution of such DOEs based, inter alia, on reports by the EB. Requests for registration and issuance by DOEs are accepted automatically unless challenged by three Board members or a Party involved in the activity. In the initial phase of the CDM, these challenges will be one element to calibrate the judgements of DOEs with that of the Board. The Board conducts its business in accordance with rules of procedure which were approved by COP 8 and specify modalities for decision-making, including remotely by electronic means.
- Designated national authorities (DNAs) must approve voluntary participation in projects, confirming in the case of a host Party that they contribute to sustainable development, before the project activities can be submitted for registration.
- The secretariat services the CDM Executive Board.
- There is a significant role for the public, inter alia IGOs and NGOs, to comment on cases and make inputs to the process.

COP 7, through the Marrakesh Accords, established the principles and the architecture governing the CDM as part of a package. The basic rules for the CDM are contained in decision 15/CP.7 “Principles, nature and scope of the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol”, decision 17/CP.7 and in the annex **on “Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol (CDM M&P)”**. Decisions 11/CP.7 and 19/CP.7 also contain provisions relating to CDM credits and the CDM registry.

Decisions by COP 8-10 provided further guidance relating to the CDM and brought a significant expansion of the scope of work. This was notably the case by requesting the Board to accelerate its work on methodologies, including their consolidation in an ever increasing number of sectors (COP 9 and COP 10), and by the agreement on modalities for afforestation and reforestation (A&R) project activities (COP 9), with special provisions for small-scale A&R projects (COP 10).

Decisions providing guidance to the CDM and those pertaining to the UNFCCC programme budgets for the biennia 2002-2003 and 2004-2005 alerted to the need to ensure adequate resources for the work on the CDM. This matter was most recently addressed in the draft decision forwarded by SBI 22 to COP 11, for endorsement by COP/MOP1, on the programme budget for the biennium 2006-2007 (documents FCCC/2005/8 and addenda 1 and 2).

Annex 2 Functions of the Executive Board

The CDM modalities and procedures (CDM M&P), annexed to the draft decision recommended by COP 7 for adoption by COP/MOP 1, spell out the major functions of actors in the CDM - such as those to be performed by the COP/MOP, the CDM Executive Board, the DOEs, the public (stakeholders), DNAs and the secretariat. The functions of the Board can be summarized as follows:

Make recommendations and report, namely

- Make recommendations to the COP/MOP on further modalities and procedures for the CDM, as appropriate;
- Make recommendations to the COP/MOP on any amendments or additions to rules of procedure (the rules of procedure had been adopted by COP 8) (rules of procedure to be kept under review – COP 9 and COP 10);
- Report on its activities to each session of the COP/MOP;

Work on issues relating to methodologies (standard-setting), namely

- Approve new methodologies related to, inter alia, baselines, monitoring plans and project boundaries;
- Develop and recommend to the COP/MOP general guidance on methodologies relating to baselines and monitoring and specific guidance, as detailed in Appendix C to the CDM M&P (request for further work was reiterated - COP 9)(intensify its work on methodologies and to provide further guidance for the development of methodologies which have a broader applicability- COP 9) (further facilitate the development of baseline and monitoring methodologies on the basis of experience gained – COP 10)(keep under review the “additionality tool” and report to COP/MOP 1 – COP 10); (to further work on the consolidation of methodologies (district heating , energy efficiency and transportation) – COP 10); To collaborate with the Subsidiary Body for Scientific and Technological Advice, in the elaboration of a recommendation to COP/MOP 1 relating to implications of the implementation of clean development mechanism project activities for the achievement of objectives of other environmental conventions and protocols, in particular the Montreal Protocol, and which imply the establishment of new hydrochlorofluorocarbon 22 facilities which seek to obtain certified emissions reductions for the destruction of hydrofluorocarbon 23, taking into account the principles established in Article 3, paragraph 1, and the definitions in Article 1, paragraph 5, of the Convention (COP 10);
- To start the development of a database of approved methodologies organized by project category and condition of applicability (COP 10);
- Review provisions with regard to simplified modalities, procedures and the definition of small scale project activities and, if necessary, make recommendations to COP/MOP (COP 8 had adopted the simplified modalities and procedures);
- Develop, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, default factors for assessing the existing carbon stocks and for simplified baseline methodologies for small-scale afforestation and reforestation project activities under the clean development mechanism, taking into account, if appropriate, types of soils, lifetime of the project and climatic conditions;
- Develop, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, simplified monitoring methodologies for small-scale afforestation and reforestation project activities under the clean development mechanism, based on appropriate statistical methods, to estimate or measure the actual net greenhouse gas removals by sinks; as appropriate, the Executive Board may indicate different methods for different types of afforestation and reforestation project activities and propose default factors, if any, to facilitate the estimation or measurement of actual net greenhouse gas removals by sinks;

- Develop guidelines to estimate leakage for small-scale afforestation and reforestation project activities under the clean development mechanism;

Work on issues relating to accreditation (accreditation body)

- Be responsible for the accreditation of operational entities, and make recommendations to the COP/MOP for the designation of operational entities, in accordance with Article 12, paragraph 5, including the operationalization of the accreditation function and decisions on re-accreditation, suspension and withdrawal of accreditation;
- Review the accreditation standards and make recommendations to the COP/MOP for consideration, as appropriate;
- Report to COP/MOP information the regional and subregional distribution of designated operational entities so that COP/MOP may review it and take appropriate decisions to promote accreditation of such entities from developing country Parties;
- Review whether each designated operational entity continues to comply with the accreditation standards contained in Appendix A below and on this basis confirm whether to reaccredit each operational entity every three years;
- Conduct spot-checking at any time and, on the basis of the results, decide to conduct the above-mentioned review, if warranted.

Work on the registration of CDM project activities and related issues (product quality assessor)

- Register CDM project activities;
- Develop and maintain a publicly available database of CDM project activities;
- Report to the COP/MOP on the regional and subregional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution;
- Make publicly available relevant information, submitted to it for this purpose, on proposed CDM project activities in need of funding and on investors seeking opportunities, in order to assist in arranging funding of CDM project activities, as necessary;

Work on the issuance of CERs and related issues (product quality assessor), including the CDM registry

- Approve the issuance of CERs and instruct the CDM registry to issue CERs;
- Develop and maintain the CDM registry;

Communication and repository functions

- Make any technical reports commissioned available to the public and provide for public comments on draft methodologies and guidance before documents are finalized;
- Develop, maintain and make publicly available a repository of approved rules, procedures, methodologies and standards;

Governance issues

- Address issues relating to observance of modalities and procedures for the CDM by project participants and/or operational entities, and report on them to the COP/MOP;
- To continue to assess existing and new ways to ensure transparency, i.e. regular written reports by the Executive Board and its panels, communication with constituencies and exchange of information with the public (COP 10);
- To intensify its work to ensure the proper functioning of the clean development mechanism, inter alia, by developing a management plan as soon as possible, strengthening institutional capacity, and facilitating efficient, transparent and substantiated decisions by the Executive Board and its panels and working groups (COP 10).

Annex 3 Major measures taken by the CDM Executive Board to facilitate and streamline processes, improve procedures and enhance communication

Purpose	Measures
General measures	
Enhancing transparency	<ul style="list-style-type: none"> Adoption of procedures on major processes (e.g accreditation, registration, issuance) which include provisions on seeking inputs from public, making documents publicly available and providing feedback opportunities for stakeholders Development of criteria, clarifications and guidelines and other information products, such as a handbook for CDM assessment teams and DOEs/AEs.
Clarifying key terms and approaches	<ul style="list-style-type: none"> Adoption of CDM glossary of terms (examples: “project participants”, “starting date”, “crediting period”) Compilation of list of clarifications related to the CDM accreditation process Specific guidance/clarification related to small-scale CDM project activities
Improving communication, interaction and access to information	<ul style="list-style-type: none"> Adoption of procedures for handling of correspondence addressed to the Board Feedback opportunities and interactions between Panels/Board, DOEs and project participants as specified below under methodologies and accreditation processes UNFCCC CDM web site providing access to updated information in a user-friendly manner, also providing video web-cast of the Board meetings.
Measures relating to methodologies process	
Facilitating submissions and processing of methodologies	<ul style="list-style-type: none"> Adoption of standardised forms and procedures for: <ul style="list-style-type: none"> ➢ Submission of proposed new methodologies ➢ Revision of approved methodologies ➢ Requests for application of approved methodologies Guidelines for filling forms Involvement of DOEs/AEs in undertaking pre-assessment of proposed new methodologies
Supporting project participants submitting methodologies	<ul style="list-style-type: none"> Providing feedback opportunities for direct interaction of the project participants with the CDM-MP Allowing the reconsideration of proposed methodologies that require further work of a well-defined nature without further desk reviews (“B” cases) <p>NB: Implications: Time is required to ensure that feedback processes are handled in a transparent and well-documented manner.</p>
Improving efficiency of the process	<ul style="list-style-type: none"> Regarding “B” cases, one further submission can be made to the Board within a 5 months period Charging of fee (USD 1,000) for submissions of a proposed new methodology. Fee is credited to the registration fee when the related project activity is submitted for registration



Improving access to information	<ul style="list-style-type: none"> • Searchable online database on approved methodologies, including their application • Search key for proposed methodologies • Web interfaces and web facilities to provide input, submit applications, search documents and have access to the decisions of the Board.
Measures relating to registration and issuance	
Facilitating submissions of requests for registration/issuance and their processing	<ul style="list-style-type: none"> • Adoption of procedures on: <ul style="list-style-type: none"> ➢ Registration of a CDM project activity ➢ Reviews relating to request for registration and issuance ➢ Public availability of monitoring reports ➢ Public availability of verification and certification report/request for issuance of CERs.
Improving access to information	<ul style="list-style-type: none"> • Web interfaces to allow electronic submission of requests for registration and issuance • List of clarifications/guidance related to registration and issuance • Public lists on: <ul style="list-style-type: none"> ➢ Requests for registration ➢ Registered CDM project activities ➢ Project activities under review ➢ Project activities withdrawn
Measures relating to the CDM accreditation process	
Facilitating submission of applications from entities and their processing	<ul style="list-style-type: none"> • Phasing of accreditation (functions and scopes) for entities with limited expertise • Possibility for entities from non-Annex I Parties to pay only half application fee at the time of applying for accreditation and the remaining half to be paid once the entity is accredited • Handbook assists entities in preparing their application documentation.
Reducing the costs of accreditation	<ul style="list-style-type: none"> • Reduce the number of witnessing activities by allowing grouping of sectoral scopes • Witnessing of AE performance for validation and verification functions on the basis of documentary evidence only (no on-site visits)
Improving communication, interaction and access to information	<ul style="list-style-type: none"> • Meetings of the Board with DOEs/AEs (on the occasion of Board meetings) • Secretariat facilitating meetings of DOE/AE coordination forum • Opportunity for the Chair of the forum to interact with the Board at its meetings • Interaction of DOEs/AEs with the panels • UNFCCC CDM web site provides information on the decisions of the Board related to accreditation, status of applications and the list of DOEs • Secretariat maintains listserves for assessment teams and applicant entities and also a password protected extranet facility.

Annex 4 Case flow expected until the end of 2006

One of the central constraints of the CDM planning process, in addition to the unpredictable level of financial resources, is that the Board lacks control over the number, scope and quality of cases it receives. Since March 2005, with increased activity on the CDM after the entry-into-force of the Kyoto Protocol, the secretariat has been conducting quarterly surveys among DOEs and AEs and, most recently, also among DNAs to get information on the expected number of requests for registration of projects and methodologies (from DOEs only) to be submitted within the next 12 months. The next survey will also ask for issuance requests to be expected. NB: The information is provided on a confidential basis and with the understanding that only aggregate figures would be used.

The results of the September 2005 survey is as follows (in parentheses are the results of March and June 2005):

- Expected **requests for registration**: DOEs and AEs indicate that 300 requests could be expected until the end of September 2006 (151 in March 2005 , 220 in June 2005). DNAs responding to the survey indicated 39 cases but it only 5 DNAs responded to this first survey. An extrapolation till the end of 2006 points to some 400 cases to be expected.
- Expected number of requests for registration by quarter: 36 (Q3/05), 91 (Q4/05), 65 (Q1/06), 72 (Q2/06), 69 (Q3/06).
- Expected number of **proposed methodologies**: 80 proposals of which 11 for A&R (91 (A/R – 16) in March 2005), 74 (A/R – 9) in June 2005)
- Expected number of proposed methodologies by quarter: 19 (Q4/05) to 23 (Q1/06), 20 (Q2/06), 19 Q3/06.

It should be noted that the above survey results on a 12 month basis tally with the caseload assumed in the proposed UNFCCC programme budget for the biennium 2006-2007 which was prepared in early 2005: (i) expected requests for registration: 300 cases per annum; (ii) expected number of application for accreditation: 20 cases per annum; and (iii) expected number of proposed methodologies: 70 per annum of which 20 A&R.

The above estimates of expected caseload until the end of 2006 are reflected in the output/activity scenario presented in Annex 5.

Annex 5 Outputs and activities over a 12 month period and time requirements

The outputs and activities expected from the Board on a 12 months basis can be depicted in **three tiers, for each of which approximate time requirements are given:**

- tier 1 comprises fixed functions, i.e. those relating to the intergovernmental process and to governance
- tier 2 comprises the elaboration of generally applicable procedures
- tier 3 shows operational, case-specific functions – with estimates provided for the time required to accomplish them – is as follows:

Tier 1: Fixed functions, i.e. those relating to the intergovernmental process and to governance, such as (i) meeting at least three times per year, if possible in conjunction with the meetings of the SBs and the COP/MOP, including planning/monitoring functions and preparing annual report to the COP/MOP based on draft prepared by the secretariat; (ii) presenting the report to the COP/MOP and being available for queries, including question-and answer sessions on the occasions of SB and COP/MOP sessions; (iii) implementing modalities for collaboration with SBSTA (performing related work e.g. implications of HCFC 22 projects, CDM registry in the context of the development of registries systems and the international transaction log (ITL)). Time requirement: (i) Preparation, attendance and follow-up to 3 EB meetings of 3-4 days plus travel days (3x6 days): 18 days p/m²; (ii) 5 days p/m; (iii) 10 days per members requested to follow an issue; **Total: (i)-(ii): 23 days per member; (i)-(iii): 33 days for designated members**

Tier 2: Elaboration of generally applicable procedures, directly elaborated by the Board or based on recommendations by panels or working groups, which are the basis for operations by actors at various levels; clarifications and review of such procedures as well as guidance, as appropriate. Time requirement: (i) Preparation, attendance and follow-up of equivalent of one EB meeting (1x6 days): 6 days p/m; and (ii) intersessional work (consideration of drafts, possibly electronic decision-making): 24 cases requiring 1/2 day p/m totalling 12 days p/m; **Total: (i)-(ii): 18 days per member**

Tier 3: Operational, case-specific functions. They depend on inputs forwarded from project proponents and DOEs (requests for registration and issuance), on proposals for methodologies and accreditation and, subsequently, on recommendations (on methodologies and accreditation) from panels and working groups, also taking into account inputs received from the public. **Caseload expected in accordance with survey September 2005:** (i) 300 cases of registration requests and issuance – based on preparatory appraisal work being undertaken by the secretariat (additional resources required); (ii) 100 cases of recommendations (e.g. on methodologies, accreditation). Time required in accordance with strengthened secretariat resources: (i) Preparation, attendance and follow-up of equivalent of 4 EB meetings (4x6 days): 24 days p/m; (ii) intersessional work (consideration of drafts, possibly electronic decision-making): 400 cases requiring on average 1/2 hour by member, totalling 25 days per member; **Total (i)-(ii): 49 days per member.**

The total number of days required from a Board member **over a 12 months period is thus 90 days. On a monthly basis, this translates into 7.5 days per Board member.** It is understood that the time required to perform functions as Chair and Vice-Chair of the Board, panels and working groups is higher. This also applies for members designated to undertake special assignment under tier 1. This scenario is based on the following four cornerstones: the Board (i) works in an executive role, (ii) sets up an Executive Committee to facilitate intersessional decision-making, (iii) maintains and further strengthens panels and working groups as necessary. The fourth is that resources are available for all the above functions, namely to significantly strengthen the secretariat to perform the ongoing as well as the newly requested functions.

² p/m (per member)



Annex 6

**Summary of the budget 2005 and 2006–2007
in support of CDM operations
(in USD)**

Activity area	2005	2006	Total 2005-2006	2007	Total 2006-2007
I. Meetings and activities of the CDM Executive Board	300,000	300,000	600,000	300,000	600,000
II. Activities relating to Panels and Working Groups	1,346,300	1,550,500	2,896,800	1,515,600	3,066,100
III. Facilitating access to assistance in arranging funding (Article 12.6)	150,000	132,000	282,000	132,000	264,000
IV. Activities by the secretariat in support of clusters I-III	3,241,535	5,546,680	8,788,215	5,546,680	11,093,360
Sub-total (I-IV)	5,037,835	7,529,180	12,567,015	7,494,280	15,023,460
Overhead (13 percent)	654,919	978,793	1,633,712	974,256	1,953,050
Supplementary funding ³ total	5,692,754	8,507,973	14,200,727	8,468,536	16,976,510
UNFCCC programme budget total	1,350,508	2,296,645	3,382,937	2,262,068	4,558,712
TOTAL	7,043,262	10,804,618	17,583,664	10,730,604	21,535,222

**Shortfall (supplementary) as of 30 September 2005
(in USD)**

	2005	2006	2005-2006
Project budget	5,692,754	8,507,973	14,200,727
Voluntary contributions by Parties and fees (registration, accreditation)	3,871,112		
Shortfall (as of 30 September 2005)	1,821,642		10,329,615

³ Title of project for supplementary funding: Support to the operations of the Clean Development Mechanism (CDM) – V003 (REVISION 2.1)



Annex 7

Work plan/schedule for 2005 and 2006

