

CDM-EB80-A01

Status of CDM MAP 2014 implementation

Version 01.0



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Framework Convention on
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1. Introduction

1. This clean development mechanism (CDM) management plan (MAP) 2014 mid-year implementation progress report covers the period from 1 January to 31 May 2014. The report details the work that is underway to support the achievement of agreed outcomes in support of the two goals, each with three objectives, as approved in the 2014–2015 business plan of the CDM Executive Board (hereinafter referred to as the Board). It also provides information on the position of the secretariat's Sustainable Development Mechanisms (SDM) programme, as at 31 May 2014, with respect to financial and human resources.

2. Progress report on activities, volumes and resources utilized

2. At its seventy-sixth meeting the Board approved the CDM two-year business plan 2014–2015 and management plan 2014. The confidential version of this document (CDM-EB76-IR-AA), at section 3, details two goals and six associated objectives to guide the work of the Board and its support structure. The document also specifies the forecasted human resources that would be needed by the secretariat to support the activities related to each objective.
3. This report provides details of how the available staff effort was utilized for the period 1 January to 31 May 2014 in the delivery of products and services in support of the Board's goals and sub objectives as detailed in paragraphs 4 to 15 of this report as well as cross cutting activities detailed in paragraph 16. It is important to note that work done, against an approved budget of 1630 staff months— equating to 163 full time staff, was actually performed by the 155 staff employed within the SDM programme.
4. Detailed explanations on resource utilization for the period 1 January to 31 May 2014 are provided in the sections that follow in this progress report using the framework of the two goals and associated three objectives from the approved business plan. Additional human resource use information under each of the substantive areas of activity is also provided in the appendix. It should be noted that there could be an over and under reporting of staff effort in some areas as the effort tracking system has been deployed for the first time.

2.1. Goal 1: Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently

2.1.1. Objective 1a: Operate efficient project and entity assessment processes

5. The work undertaken in relation to this objective can be grouped into three main areas of work: CDM registry, project assessments and entity assessment. For the reporting period (January–May, 2014), approximately 27 per cent, of the 400 staff months of effort that was budgeted, was utilized for the work done in support of this sub-objective. Lower levels of submissions than initially forecasted were experienced in some activities. The impacted activities include changes to modalities of communication, (entity) performance assessments, (entity) regular surveillance, requests for post-registration changes, and requests for project issuance. In some areas, higher numbers of submissions were

received than originally estimated such as requests for programme of activities (PoA) issuance, project registration, renewal of crediting period, and component project activity (CPA) inclusion.

6. There are four projects that support this objective (see appendix, table 1).

Project 216 – Application of E- for additionality demonstration – received a new mandate at the seventy-ninth meeting of the Board (EB 79) and the resource requirements are currently under review.

Project 218 – Development of specific simplified project-cycle templates – the product deliverables for this project are on track as scheduled.

Project 224 – Simplification of the validation process for specific project activities – this project results from a mandate from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) assigned after the approval of the MAP. The product deliverables are on track as scheduled.

2.1.2. Objective 1b: Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism

7. The work related to this objective mainly involves: servicing the regulatory body, servicing panels and working groups, responding to external queries, administration of the accreditation system, and conducting secretariat-organized interactions. For the reporting period (January–May, 2014), approximately 41 per cent of the 349 staff months of effort that was budgeted, was utilized for the work done in support of this sub-objective. It should be noted that an overall decline in the volume of external queries that are being received has been experienced during the reporting period.

8. There are four projects that support this objective (see appendix, table 2).

Project 180 – Revision of the project standard (PS), validation and verification standard (VVS) and project cycle procedure (PCP) – the draft revised PS, VVS and PCP were delivered to the Board as scheduled and are currently under discussion. A concept note on permanent changes (biomass and hydro projects) was also delivered.

Project 220 – Streamlined handling of stakeholder communications – the planning work has been undertaken and implementation will now commence.

Project 221 – Updated documentation of key internal processes – the project is now in the implementation phase.

Project 222 – Improve the management of the regulatory framework and enhance the clarity, consistency and user-friendliness of regulations – the project is in the planning phase and implementation will commence in quarter 3.

2.1.3. Objective 1c: Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity

9. The work related to this objective is focused on methodologies; two key areas of work include the processing of submitted standardized baselines, and new methodology submissions. For the reporting period (January–May, 2014), approximately 24 per cent of the 180 staff months of effort that was budgeted, was utilized for the work done in support of this sub-objective. A considerably higher number of bottom-up submissions of

new methodologies, including newly submitted ones as well as those submitted in the last two quarters of 2013, were processed during the period. This included a total of nine new methodologies, out of which the methodology consideration process has now been concluded for eight and the remaining one is in progress. During the reporting period (January–May) a total of seven standardized baselines (SBs) were processed. They are currently at various stages in the completion cycle. However, dependence on the response from designated national authorities (DNAs) has been noticed as a critical factor in the processing of SBs. The overall progress of Objective 1c is on track and resource utilization rate is expected to increase as compared to the January–May period, considering that the Board approved detailed plans for the related projects by the end of first quarter of 2014. Additional work will be required to complete the seven SBs that are already being processed, the increased volume expected in processing new methodologies coupled with SBs and the increased effort required to complete the approved MAP 2014 projects by the end of the year. It is therefore expected that the resource utilization under this objective will ever more closely align during the remainder of the year.

10. There are five projects that support this objective (see appendix, table 3 for details).

Project 110 – Further development and implementation of standardized baselines – the product deliverables for this project are on track as scheduled.

Project 160 – Design and implementation of carbon dioxide capture and storage (CCS) standards and procedures – the product deliverables for this project are on track as scheduled.

Project 219 – Development of best-practice guidance for monitoring afforestation and reforestation (A/R) projects – the product deliverables for this project are on track as scheduled.

Project 223 – Simplification and streamlining of methodologies, tools and standards – this project also covers CMP mandates. The product deliverables for this project are on track as scheduled.

Project 225 – New project in the same geographical location at which a project whose crediting period has expired existed – this project results from a CMP mandate assigned after the approval of the MAP. The product deliverables are on track and have been delivered to the Board and where relevant, the Methodologies Panel or the Small-Scale Working Group as scheduled.

2.2. Goal 2: Nurture policies to broaden demand for, and participation in, the CDM

2.2.1. Objective 2a: Facilitate the acceptance of CERs for compliance purposes

11. There are three projects that support this objective (see appendix, table 4 for details).

Project 227 – Improving transparency of the practices for local stakeholder consultations and assistance to DNAs in developing guidelines for stakeholder consultations in their countries – this project results from a CMP mandate assigned after the approval of the MAP. The project is currently at the project initiation stage.

Project 228 – Development of guiding tools to assist DNAs in monitoring sustainable development benefits of CDM project activities and PoAs – this project results from a CMP mandate assigned after the approval of the MAP. The planning work has been undertaken and implementation has recently started due to the first request from the DNA now being received.

Project 231 – Engagement with policymakers and stakeholders in compliance markets – a concept note was approved at EB 79 (CDM-EB79, EB 79 meeting report, para. 6) and the project is now moving to the implementation stage.

2.2.2. Objective 2b: Enhance the use of the CDM for voluntary purposes

12. The work related to this objective involves engagement with other intergovernmental organizations (IGOs). For the reporting period (January–May, 2014), approximately 56 per cent of the 106 staff months of effort that was budgeted, was utilized for the work done in support of this sub-objective.
13. Engagement with IGOs primarily consisted of cooperation with the International Civil Aviation Organization in order to advise on how the CDM can contribute to the aviation sector, cooperation with the United Nations system to become climate neutral, and the World Bank on carbon market initiatives.
14. There is one project that currently supports this objective (see appendix, table 5 for details).

Project 149 – Improved transparency of sustainable development benefits – an IT solution has been delivered in line with the schedule and the first submissions are now being processed in compliance with the CMP mandate to “Expedite the work on evaluating the use of the voluntary sustainable development tool and to report on its findings to the CMP”.

Project 232 – Engagement with policymakers and stakeholders in voluntary markets – a concept note was approved at EB 79 and the project is now moving to the implementation stage.

2.2.3. Objective 2 c: Further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance

15. The work related to this objective mainly involves the servicing of party-level bodies such as the CMP and subsidiary bodies. For the reporting period (January–May, 2014), approximately 42 per cent of the 26 staff months of effort that was budgeted, was utilized for the work done in support of this sub-objective.
16. There is one current project that supported this objective (see appendix, table 6 for details).

Project 226 – Analysis of the net mitigation potential of the CDM. This project is being reviewed in line with the decision by the Board (CDM-EB78, version 01.0, para. 5) to pursue this issue in the context of preparing the MAP for 2015.

Projects 182 – A technical paper on the review of the CDM modalities and procedures was published. As of 31 May 2014, the project has closed.

2.2.4. Cross-cutting activities

17. The work under cross-cutting involves internal administration such as human resources, finance, information and knowledge management, training, travel management, IT services and related projects, secretariat-wide responsibilities, and programme management (see appendix, table 7 for details). For the reporting period (January–May, 2014), approximately 48 per cent of the 544 staff months of effort that was budgeted, was utilized for the work done under cross-cutting activities.

2.2.5. Mid-year delivery overview

18. Based on the approved 2014 CDM MAP, 69 work items for the Board's consideration (34 project-related products and 35 from routine operations) were forecasted to be delivered by mid-year in terms of the Board's work plan approved at EB77. In the intervening period the Board requested an additional 29 work items (18 project-related products and 11 from routine operations) to be also included in its work plan.
19. As at 31 May 2014, 67 work items (33 project products and 34 from routine operations) were delivered. Of these, 25 were delivered in accordance with the original timelines in the EB77 work plan. Seventeen of the work items (nine project-related products and eight from routine operations) were re-scheduled due to delays, the need to balance Board meeting workload or lack of agreement on the product submitted.

3. Project-specific feedback

20. There are currently 21 projects in the CDM project portfolio. Of these, 16 projects were approved in the MAP, four are the result of CMP mandates received after the approval of the MAP and one is continuing from a Board mandate received at EB 76.
21. Based on the approved MAP, 34 project-related products were forecast to be delivered by mid-year in the Board's work plan approved at EB 77. As at 31 May 2014, 33 project products were delivered. Of these, 25 were delivered as part of the original Board work plan. A further eight were also delivered during the period in addition to those originally planned.
22. The paragraphs below provide updates on the progress of the most resource-intensive projects.

3.1. SDM-IS programme

23. The SDM-IS programme is the delivery vehicle for a programme of work to improve a range of computer systems that the SDM programme uses to support the CDM. The work ranges from design of the systems, building them, and building capacity within the SDM programme to deliver benefits from use of the system.
24. The SDM-IS programme is delivering a new IT platform and an associated set of improved IT systems and tools. In the period since the previous mid-year report on progress, the following has been achieved:
 - (a) The Customer Relationship Management system has been rolled out to additional stakeholder interaction channels: entity support, CDM helpdesk, DNA helpdesk, CDM catalogue of decisions, CDM press, CDM multimedia, letters to the Board, and the RCCs;

- (b) The PoA issuance system has been delivered and is in use;
- (c) The high level design of the SDM-IS was delivered, and prototypes of key components of the design developed to prepare for implementation;
- (d) An initial version of the Sustainable Development Benefits tool has been delivered and is operational;
- (e) The Record Centre pilot is underway;
- (f) The Web Content Management infrastructure has been developed and delivered.

25. As of 31 May 2014 there are on-going and planned projects to:

- (a) Deliver the remaining planned components of the SDM-IS high level design, including the provision of support for: business process automation, secure access to systems, management, provision and publishing of data and content, and secure integration with other systems;
- (b) Extend the Customer Relationship Management system to the remaining external email communication channels in the areas of registration, issuance and methodologies, to provide improved handling of communications;
- (c) Put in place data services and components to aggregate and report from the SDM-IS;
- (d) Implement support for PoAs using components developed through the high level design and Web Content Management infrastructure;
- (e) Transition the outputs of the SDM-IS programme into the business-as-usual services that support enhancement and operation of SDM systems.

3.2. Demand Side Initiative

26. The two projects for increasing demand for certified emission reductions (CERs) and the use of the CDM, by facilitating the acceptance of CERs for (i) compliance and (ii) voluntary purposes incorporate activities related to: facilitating voluntary cancellation, communication, and promoting the use of the CDM and CERs in three potential demand centres: the public sector, the private sector, and the use of the CDM in support of other tools and institutions.

27. The Board has approved the following activities:

- (a) Strengthen communication and outreach materials to be better tailored to demand-side stakeholders, strengthen communication vehicles, and develop a communication campaign aimed at potential demand centres;
- (b) Develop a process to recognize the voluntary cancellation of CERs;
- (c) Establish an information platform about CERs that are available in the CDM Registry for voluntary cancellation;
- (d) Review the options and implications of developing a means for simple online voluntary cancellation of CERs;

- (e) Support the principle that accurate and up-to-date information about the CDM and CERs is used as a basis for public policy decisions from governments affecting the demand of CERs;
 - (f) Raise awareness about decision 1/CP.19 inviting Parties to voluntarily cancel CERs to close the pre-2020 ambition gap;
 - (g) Target and outreach campaign for high profile events to use CERs as offsets;
 - (h) Support awareness among international institutions about the potential of the CDM and CERs to facilitate results-based financing, verification of mitigation activities, and attract climate financing from the private sector.
28. In addition, the Board requested the secretariat to undertake the following analysis and work and report the results back to the Board for its consideration before implementation:
- (a) With regard to the online cancellation of CERs, the secretariat should research the technical, legal and administrative possibilities to implement it without relying on third-party service providers;
 - (b) The secretariat should elaborate what benefits associated with voluntary cancellation of CERs can be used to attract private sector demand, and how these benefits can be brought together as a basis for reaching out to the private sector.
29. The detailed concepts for both projects were only approved at EB 79, which is why the level of staff time and resources charged to the projects is still low. However, considering the urgency and high priority of the projects, as expressed by the Board at EB 79, it is expected that the resource use will reach estimated levels by the end of the year.

3.3. Standardized baselines

30. At EB 77, the Board approved a standard to specify requirements on coverage and vintage of data to propose standardized baselines clarifying the criteria for determining currentness and coverage of data to be used for the development of standardized baselines and for the validity of the approved standardized baselines.
31. At EB 78, the Board took a decision on the applicability of CDM methodologies vis-à-vis standardized baselines when both cover the same set of technology/measures. The Board, taking into account 13 DNA responses to a survey, has prioritized sectors for the development of standardized baselines and approved a plan to proactively develop standardized baselines through a bottom-up and top-down approach.
32. At EB 79 the Board adopted revisions to the PS, VVS and PCP that incorporate requirements for project activities using standardized baselines. The revised PS elaborates the requirements for project participants for the selection and application of standardized baseline(s) in a CDM project activity, at the time of development of project design document, submitting a change in the project design and renewal of crediting period. The revised VVS elaborates the requirements for the designated operational entity (DOE) for validation and verification of a CDM project activity that uses standardized baseline(s). The revised PCP brings new elements in the procedure that need to be followed by project participants and DOEs for CDM projects using

standardized baselines. The Board also adopted a revision to the guideline for completing the proposed new methodology form, which now enables the submission of new methodologies that shall only be used together with standardized baseline(s). Instead of the baseline scenario and/or baseline emissions and/or additionality sections of such methodologies, a standardized baseline that standardizes these elements of the methodology may simply be referred to.

33. At EB 79 the Board approved two methodological tools, for passenger transport and for cargo transport which can be used to develop standardized baselines (baseline emission factors for the region and country in terms of tCO₂/t-km, or tCO₂/passenger-km) or to estimate baseline emissions of a CDM project activity. The Board also adopted a revision to the guideline for quality control and quality assurance of data used to establish standardized baselines, in order to make these guidelines more usable and simple.
34. At EB 79 the Board also took a decision on consideration of facilities with registered CDM projects in a country or region for their inclusion or exclusion in the cohort of facilities used to develop standardized baselines for that country or region.

3.4. Simplification and streamlining of methodologies, tools and standards

35. Simplified but credible options for sampling and surveys of cookstove projects including default values for historic wood consumption were approved by the Board. Methodological options and applicability to implement energy efficiency technologies and fuel switching in new and existing buildings were broadened. Suppressed demand consideration in the treatment of wastewater was introduced. Simplified provisions for batched issuance requests for PoAs were approved by the Board. Requirements for multi-country PoAs were clarified. Simplified provisions for debundling check for specific sectors were agreed by the Board. The work undertaken in this area also covers CMP mandates.
36. Significant progress was made with regard to simplification of additionality provisions in specific sectors, including the assessment of microscale thresholds for additionality, and recommendations will be finalized in Q2/Q3, which also covers CMP mandates. Simplification of PoA documentation requirements and further simplification of batched issuance provisions is being investigated; the outcome of the assessment will be reported in Q3. In response to a concept note, the Board at EB 78 mandated development of several methodological products to reduce transaction costs including monitoring provisions.
37. A public call was launched for three methodologies which were simplified and streamlined by the Methodologies Panel. Further work is planned in the Methodologies Panel in order to recommend these methodologies for the approval of the Board.

4. Financial update

4.1. Status of income and expenditure to support CDM activities from 1 January to 31 May 2014

4.1.1. Income

38. Table 1 below shows the income received in the period from 1 January to 31 May 2014 and the balance brought forward from 2013.

Table 1. Income received in 2014, including carry-over from 2013 (in United States dollars)

Carry-over figure from 2013 (A)	148,940,705
Income received in 2014	
Accreditation fees	15,000
Fees from the accreditation process	82,772
Registration fees ^(a)	770,237
Methodology fees ^(b)	2,000
Share of proceeds (SOP) ^(c)	2,131,015
Sub-total – Income 1 January–31 May 2014 (B)	3,001,024
Current balance of 2013 carry-over and 2014 income (A + B)	151,941,729

Note: USD 45 million held in reserve (EB 45, 2009) is not included in the above figures.

- ^(a) This fee is based on the average annual issuance of CERs over the first crediting period and calculated as a share of proceeds to cover administrative expenses, as defined in decision 7/CMP.1, paragraph 37. Projects with annual average emission reductions of less than 15,000 tonnes of carbon dioxide equivalent are exempt from the registration fee, and the maximum fee applicable is USD 350,000. This fee is considered to be a prepayment of the share of proceeds to cover administrative expenses.
- ^(b) A non-refundable submission fee of USD 1,000 is payable at the time a new methodology is proposed. If the proposal leads to an approved methodology, the project participants receive a credit of USD 1,000 against payment of the registration fee or a prepayment of share of proceeds.
- ^(c) The share of proceeds, payable at the time of issuance of CERs, is USD 0.10 per CER issued for the first 15,000 CERs for which issuance is requested in a given calendar year, and USD 0.20 per CER issued for amounts in excess of 15,000 CERs.
39. The total fees received as at 31 May 2014 amounted to USD 3.0 million (table 1).¹ This is equivalent to 28.8 per cent of the expected income of USD 10.4 million for the first five months, based on a linear rate against the USD 25 million projected income for 2014.
40. Some CERs remain in pending accounts for which forwarding has not been requested. The CERs have a value in terms of fees of approximately USD 5.5 million. The secretariat has already performed all related tasks with the exception of forwarding for the corresponding projects. Under the current CDM rules, secretariat work invested in CDM projects which do not complete the forwarding stage of the cycle cannot be

¹ The data presented in this report is subject to change as the financial period remains open at the time the report is being finalized.

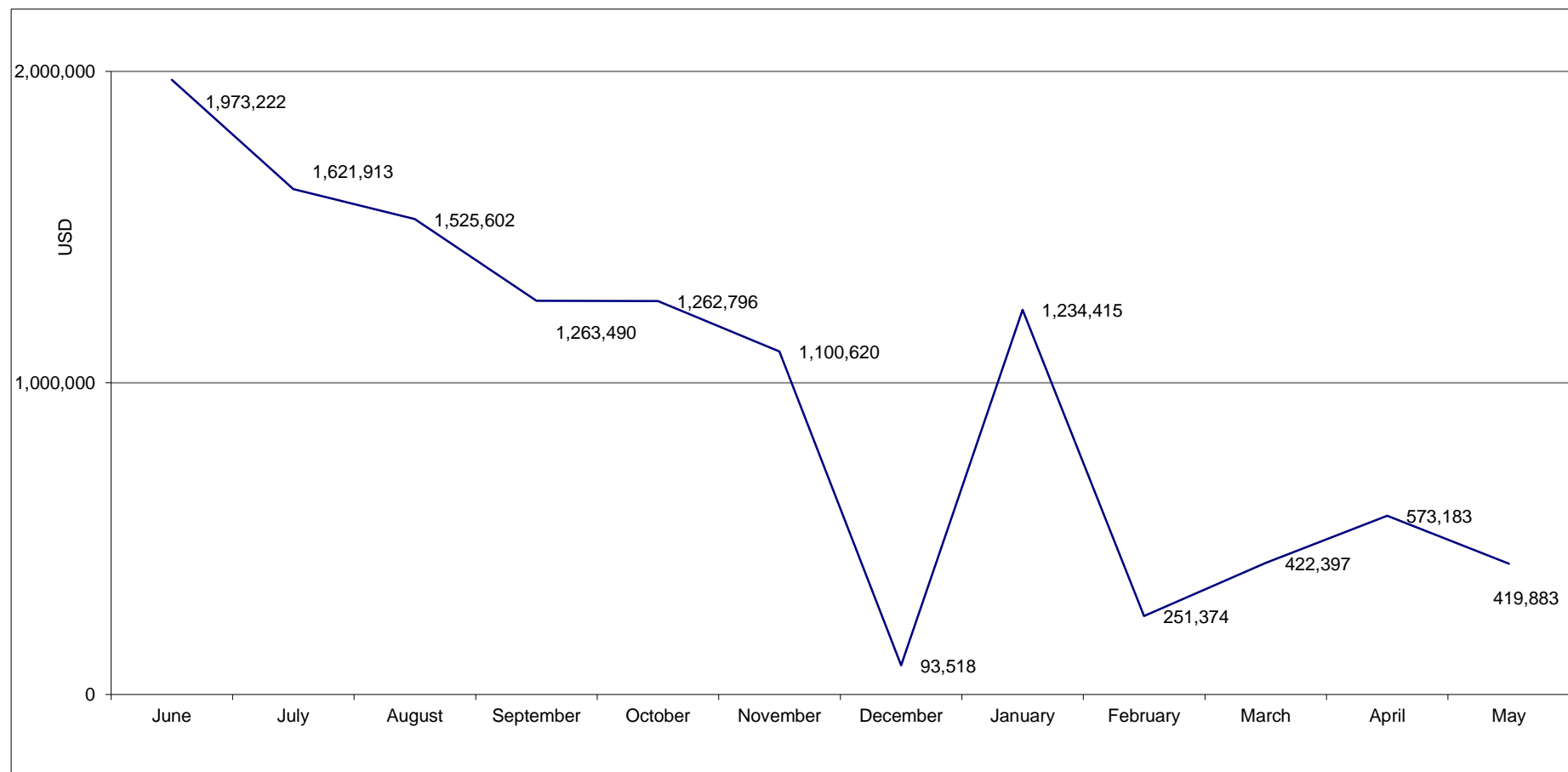
recovered. Under the prevailing market conditions the secretariat does not expect to recover the corresponding fees in 2014.

41. The total interest accrued in the CDM Trust Fund from prior years to the end of 2013 amounted to USD 8.0 million and is included in the carry-over and balance reported in table 1. The accrued interest is currently earmarked to fund the loan scheme to support the development of CDM project activities in countries with fewer than 10 such activities registered, in accordance with decision 3/CMP.6, paragraph 65.

4.1.1.1. Registration fees and shares of proceeds

42. Figure 1 below provides a monthly overview of the income received from the two major income streams, registration fees and share of proceeds (SOP).

Figure 1 Monthly registration fees and share of proceeds – 1 June 2013 to 31 May 2014 (12-month period)



4.1.2. Expenditure

43. Table 2 shows the actual expenditure incurred and the utilization rate for the reporting period.²

Table 2. Comparison of budget and expenditure for the period from 1 January to 31 May 2014 (in United States dollars)

UN Object of Expenditure	Budget (Jan–Dec'14) a	Actual expenditure (Jan–May'14) b	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) d
Staff	17,867,510	7,312,426	10,555,084	40.9
Consultants	596,181	67,330	528,851	11.3
Experts fees ^(a)	366,200	156,800	209,400	42.8
Experts travel ^(b)	519,957	116,685	403,272	22.4
Travel of Representatives - EB	1,127,012	262,995	864,017	23.3
Travel of Representatives - DNA	783,022	95,978	687,044	12.3
Travel of Staff	389,744	87,612	302,130	22.5
Training	279,139	128,489	150,650	46.0
Operating Expenses ^(c)	6,768,085	2,993,412	3,774,673	44.2
Communications	45,600	23,833	21,767	52.3
Supplies and Material	30,000	47,779	-17,779	159.3
Grants (EB)	357,000	156,900	200,100	43.9
Sub-total	29,129,450	11,450,239	17,679,210	39.3
13% Programme Support ^(d)	3,786,829	1,488,531	2,298,297	39.3
Total	32,916,279	12,938,770	19,977,507	39.3

^(a) Expert fees refer to panel and working group attendance fees and case fees;

^(b) Expert travel refers to costs of panel and working group members;

^(c) Operating expenses include Total Cost of Ownership (TCO) which is a UNFCCC secretariat-wide cost recovery mechanism for the reimbursement of services provided to secretariat programmes, applied as per secretariat Management Team decision of 2007. In 2014, the SDM programme's share of TCO is estimated to be USD 1.9 million;

^(d) In accordance with the financial procedures of the United Nations, 13 per cent of overhead charges are payable on all trust funds of the UNFCCC to cover administrative services provided by the United Nations Office at Geneva and the UNFCCC secretariat.

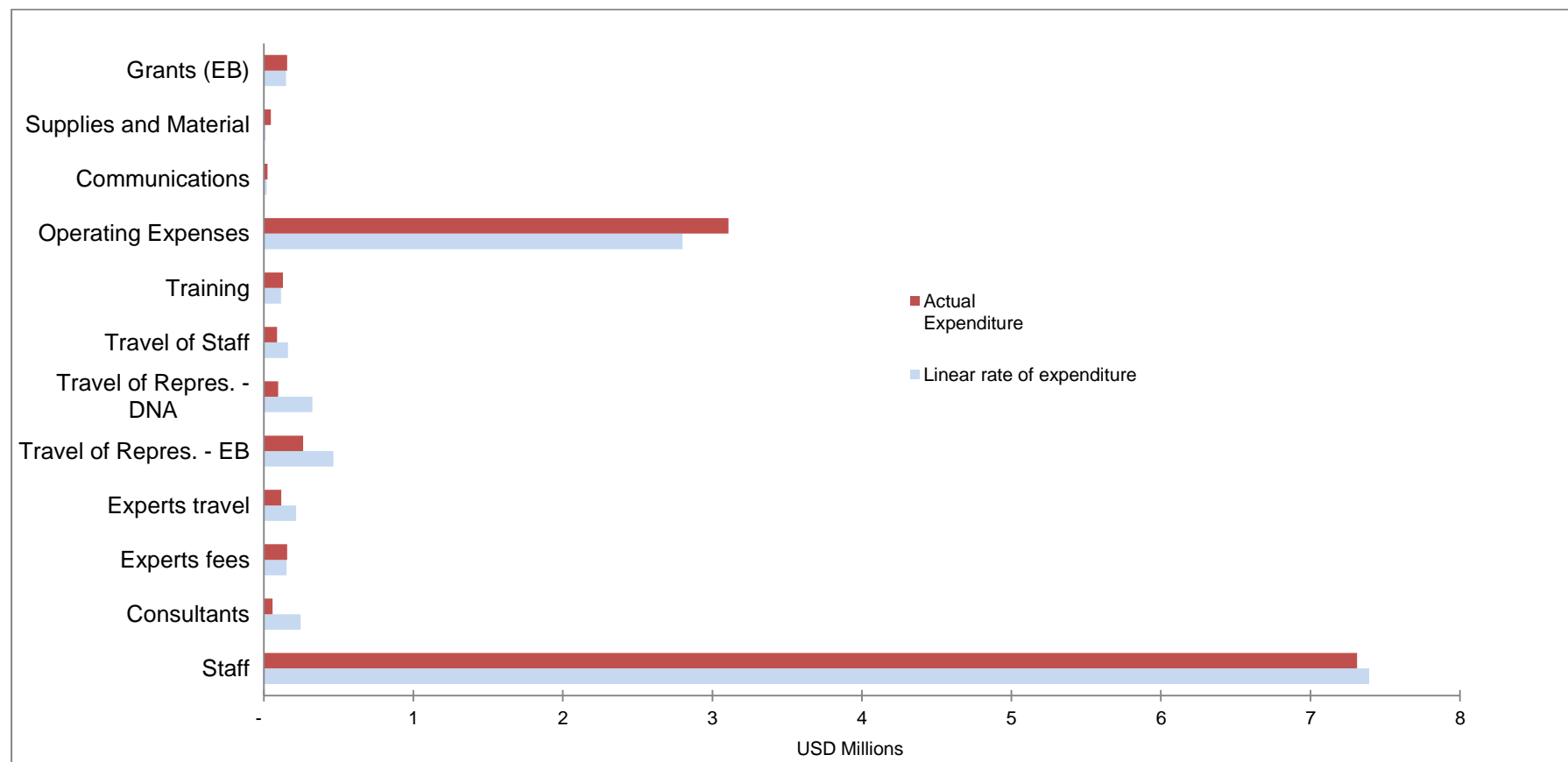
44. The linear rate of expenditure for the first five months in 2014 is 41.3 per cent.
45. Consultant's costs are 11.3 per cent of the 2014 budget. Although consultants have been planned in the 2014 budget for work relating to the CDM loan scheme, standardized baselines and strategy and policy development, whenever possible, the

² The data presented in this report is subject to change as the financial period remains open at the time the report is being finalized.

secretariat is making efforts to reduce the number of service contract experts by deploying expertise from within the SDM internal workforce. This may result in a lower than projected expenditure under this budget line.

46. Expert travel amounts to 22.4 per cent of the 2014 budget. The expert travel expenditure rate reflects the fact that part of the travel costs relating to the Accreditation Panel, Methodologies Panel and Small-Scale Working Group meetings held in January 2014 was processed and paid for in the December 2013 financial accounting period.
47. Travel of Board representatives amounts to 23.3 per cent of the 2014 budget. This lower expenditure rate reflects the difference between lump-sum travel estimates per traveller versus actual travel cost, which in some cases was lower.
48. Travel of DNA representatives is 12.3 per cent of the 2014 budget. This expenditure is a reflection of the participants' travel which is currently being processed for the event scheduled to be held in June 2014. The expenditure is expected to align with the original projections as the year progresses.
49. Travel of staff expenses are 22.5 per cent of the 2014 budget. This is related to fewer staff missions during the period than originally planned. Expenditure is expected to align with the original projections during the course of the year.
50. Training expenditure is 46 per cent of the 2014 budget. Expenses for the Lean Six Sigma initiative (enhancing the efficiency and effectiveness of operations) and annual licence fees for the Learning Management System (LMS) were incurred during the period.
51. Communications costs are 52.3 per cent of the 2014 budget. The high expenditure rate is due to telephony expenses which were committed at the beginning of the year to cover the full year. Expenditure is therefore expected to align with the original projections as the year progresses.
52. The expenditure for supplies and materials – which covers three subscriptions to news and management information services – are 159.3 per cent of the 2014 budget. As the total amount of budget for supplies and materials is only USD 30,000, the overspend is not expected to have significant impact on overall budget performance at the end of the year. However, the need for further expenditure on this budget item will be closely monitored during the remainder of the year.

Figure 2. Status of budget versus expenditure for the period from 1 January to 31 May 2014 (in United States dollars)



53. Figure 2 shows actual expenditure against the linear rate for the first five months of 41.3 per cent. Column (d) in table 2 shows the rate of expenditure as a percentage of the total 2014 budget for each cost category.

4.2. Summary of financial position

54. Table 3 below shows the balance of the CDM Trust Fund as at 31 May 2014. The expenditure of USD 12.9 million stated in table 2 exceeds the income for the period ending May 2014 (table 1) of USD 3.0 million, resulting in a deficit of USD 9.9 million. Although it had been anticipated at the time of consideration of the MAP 2014 that the operationalization of the CDM was entering a difficult period, where expenditure would exceed income, the income received during this first quarter is far below the projected income. Therefore, the secretariat is reviewing the data related to income projections, and will make a presentation to the Board at EB 80, in conjunction with the mid-year review of the MAP 2014.

Table 3. Available balance as at 31 May 2014 (in United States dollars)

Carry-over figure from 2013 (A)	148,940,705
Status of funds for the period Jan – May 2014	
Income received	3,001,024
Actual expenditure	(12,938,770)
Balance available at 31 May 2014 (A+B)	139,002,960

Note: USD 45 million held in reserve (EB 45, 2009) is not included in the above figures.

Table 4. Income and expenditure trend January–May 2014

In United States dollars	1st quarter 2014	April to May	Total
Income	1,942,187	1,058,837	3,001,024
Expenditure	7,746,476	5,192,294	12,938,770
Income minus expenditure	(5,804,289)	(4,133,456)	(9,937,745)

5. Human resources

55. This section provides details of the current situation regarding staff and their deployment within the SDM programme.

5.1. Current situation

56. As at 31 May 2014 there are 177 approved CDM posts. Currently, 155^(b) posts are occupied by staff with fixed-term contracts. Six posts are under recruitment and are expected to be filled internally and 16 posts are vacant or on hold.

Table 5. Total numbers of posts in each unit (as at 31 May 2014)

CDM												
Location ^(a)	Approved			Occupied ^(b)			Under recruitment			Vacant/on hold		
	D	P	G	D	P	G	D	P	G	D	P	G
OD	1	2	1	0	2	1	0	0	0	1	0	0
PSC	0	10	8	0	8	4	0	0	1	0	2	3
PEA	0	42	12	0	40	11	0	2	0	0	0	1
PMU	0	17	9	0	15	6	0	2	1	0	0	2
SCC	0	20	7	0	18	4	0	0	0	0	2	3
SSU	0	19	5	0	19	5	0	0	0	0	0	0
QPM	0	14	4	0	12	4	0	0	0	0	2	0
CAS (log.)	0	0	4	0	0	4	0	0	0	0	0	0
AS	0	0	2	0	0	2	0	0	0	0	0	0
Subtotals	1	124	52	0	114	41	0	4	2	1	6	9
Totals	177			155			6			16		

Abbreviations: D = Director, P = Professional, GS = General Services, OD = Office of the Director, PSC = Programme Support and Coordination, SCC = Strategy, Collaboration, and Communication, SSU = Standard Setting Unit, QPM = Quality and Project Management, PEA = Project and Entity Assessment, PMU = Process Management Unit, CAS = Conference Affairs Services, AS = Administrative Services.

^(a) In addition, there are 17 CDM-funded posts in the Information Technology Services (ITS) programme supporting SDM.

^(b) Includes seven posts where staff had submitted resignations and will have separated from service by 31 July 2014. This could result in more posts being placed on hold.

57. As at 31 May 2014, five PEA approved posts were moved through an internal redeployment process to other units (three P-level posts were moved to PMU and two G-level posts were moved to QPM and PMU respectively).
58. As at 31 May 2013, seven staff members were assigned to RCCs.
59. In line with the strategy to reduce staff costs through natural attrition, all vacant posts in SDM will be carefully assessed and only those with duties directly aligned to core business activities will be approved for recruitment.

5.2. Overview

60. Table 6 provides an overview of staff resources of CDM approved and occupied posts over the last four years. The figure of 155 reflects the situation as at May 2014.

Table 6. Number of posts (2011–2014)

	2011	2012	2013	2014 (as at 31 May)
<i>Professional-level posts</i>	117	118	112	114
<i>General Service-level posts</i>	43	45	45	41
Total occupied posts	160	163	157	155
Total approved posts	177	177	177	177

61. During 2014 the same approach is being used regarding the service contracts as was used in 2013, which is reducing the number of service contract experts by deploying expertise from within the SDM internal workforce. The figures in table 7 show that the number of required consultancies is reducing as expected.

Table 7. Service contracts

Consultant (SSA) contracts		
	Number of experts	Days worked
2012	84	3,570
2013	23	561
2014 (as at 31 May)	10	159

6. Conclusions

62. While the actual volumes of work for routine operations are lower in some areas than expected (e.g., assessments), this is compensated by increased activities in other areas (e.g., methodologies and standardized baselines).
63. In terms of EB deliverables, the secretariat is delivering against EB mandates and also demonstrating the necessary flexibility in delivering an additional 29 work items requested by the Board (see paragraphs 18 and 19 above).
64. The 2014 MAP was approved based on 163 full-time staff and as of 31 May, the secretariat is delivering against more mandates with 155 full-time staff.
65. The total fees received as at 31 May 2014 amounted to USD 3.0 million, equivalent to 28.8 per cent of the expected income for the first five months of the year. Approximately USD 5.5 million in CER fees remain in pending accounts for which forwarding has not been requested. Under the current CDM rules, secretariat work invested in CDM projects that do not complete the forwarding stage of the cycle cannot be recovered. Under the prevailing market conditions the secretariat does not expect to recover the corresponding fees in 2014.

7. Recommendations to the Board

66. The secretariat recommends that the Board take note of the information contained in this report and use it as appropriate in its inputs to, and consideration of, the 2015 CDM management plan currently scheduled for presentation at the EB 82.

Appendix. Status of MAP 2014 activities

1. This appendix provides information in support of section 2 of the document.
1. **Goal 1: Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently**
2. Tables 1, 2 and 3 outline the activities and resource usage for goal 1 and its three objectives and in the clean development mechanism (CDM) management plan (MAP) 2014.

Table 1. Objective 1(a): Operate efficient project and entity assessment processes

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
CDM registry	* Upgraded CDM registry. Deliverables: (a) upgraded software for faster processing of transactions and improved transparency of operations, including through a security audit, the implementation of new cancellation accounts, and improved business process documentation; (b) web-based access for registry account holders; (c) means for improved tracking of issued units on the basis of serial numbers (Project 135)	1	0	95.4	22.31	23
	Transactions	6000	1478			
	Other registry processes (including changes to modalities of communication)	4800	2435			
	Monthly reports	12	5			
	Quarterly reports	4	2			

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Project assessments	* Development of specific simplified project-cycle templates. Deliverables: (a) a generic simplified PDD template; (b) a minimum of 5 methodology-specific simplified PDD templates; (c) a validation report template; (d) a generic simplified monitoring report template; (e) a minimum of 5 methodology-specific monitoring report templates; (f) a verification report template (Project 218)	1	0	258.7	77	30
	Requests for direct communication	48	9			
	Requests for PoA issuance	24	13			
	Requests for PoA post-registration changes	24	9			
	Requests for PoA registration	60	23			
	Requests for project issuance	948	255			
	Requests for project post-registration changes	180	34			
	Requests for project registration	204	120			
	Requests for renewal of crediting period	48	29			
	Requests for review	74	26			
	Request for CPA inclusion		7			
	* Application of E- for additionality demonstration (Project 216)	1	0			
	* Simplification of the validation process for specific project activities (Project 224)	1	0			
Entity assessments	Calibrate Assessment Team leads	1	1	45.5	10.07	22
	Performance assessments (validation)	26	5			
	Performance assessments (verification)	26	2			
	Regular surveillance	29	8			
	Requests for initial accreditation	2	1			
	Requests for reaccreditation	1	0			
	Spot checks	1	0			
Total		-	-	399.3	109.4	27

Table 2 Objective 1(b): Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Communications	CDM/JI Today	250	104	11.00	7.22	66
	Press releases	30	8			
	Publicity materials	10	35			
	Social media	250	104			
	Website (monthly maintenance)	12	5			
External queries	CDM info	540	142	37.40	13.98	37
	DNA queries	36	16			
	Letters to the Board	120	24			
	Media requests	240	33			
	Project developer queries	72	7			
	* Streamlined handling of stakeholder communications. Deliverables: (a) a consistent approach in processing all stakeholder communications (other than submissions under the project cycle procedure); (b) a consistent approach to track and report back to stakeholders the remedial/proactive actions taken by the secretariat in response to stakeholder inputs. (Project 220)	1	0			
Market and policy analysis	DOE queries	0	19	5.30	2.05	39
	Policy analysis (weekly)	52	21			
	Quarterly reports to the Board	4	1			
Outreach	Carbon market conferences/workshops	36	1	12.80	4.74	37
	Regional carbon market conferences/workshops	5	0			
Secretariat-organized interactions	African Carbon Forum (includes regional DNA Forum)	1	1	23.80	8.32	35
	Calls for input	18	15			
	DOE conference calls	5	9			
	DOE forums	1	1			
	Global DNA forum	1	0			
	Regional DNA Forum (Asia)	1	0			
	Regional DNA Forum (LAC)	1	0			

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Servicing of panels/working groups	A/R Working Group	1	0	62.40	42.53	68
	Accreditation Panel	4	2			
	CCS Working Group	0	0			
	Methodologies Panel	4	2			
	Roster of experts	3	1.5			
	Small-Scale Working Group	4	2			
Servicing of regulatory body	Executive Board	5	3	95.30	24.77	26
	Executive Board (meeting abroad)	1	0			
	Executive Board retreat	1	1			
	Payment of grants and token appreciation to Board members	20	55			
	Report to the CMP	1	0			
Accreditation system	Entity administration	46	45	37.60	16.99	45
	Entity assessment planning	85	25			
	Entity performance monitoring (semi-annual reports)	2	1			
	Entity performance monitoring system	6	3			
	Handling of complaints and requests for revisions	8	3			
Planning and monitoring/ reporting	* Updated documentation of key internal processes. Deliverables: (a) process maps of key internal processes; (b) key performance indicators for such processes. (Project 221)	1	0	21.50	1.23	6
Regulatory management	Processing and managing official documents	457	230	15.50	6.03	39
Regulatory improvement	* Improve the management of the regulatory framework and enhance the clarity, consistency and user-friendliness of regulations. Deliverables: (a) comprehensive internal procedure and systems for tracking regulatory needs, planning and preparing draft regulations, ensuring quality, and monitoring impacts; (b) revisions of relevant existing regulations requiring improvements in quality and reductions in regulatory uncertainty and transaction costs (Project 222)	1	0	26.00	13.56	52
	* Revision of the PS, VVS and PCP. Deliverable: revised drafts of the PS, VVS and PCP to integrate collated amendments to resolve areas of	3	0			

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
	inconsistency, complexity and lack of clarity (Project 180)					
Total		-	-	348.7	141.4	41

Table 3 Objective 1 (c): Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Methodologies	Processing of clarification requests	45	21	180.2	43.98	24
	Processing of requests for deviation	6	3			
	Processing of microscale additionality	16	2			
	Processing of new submissions	10	8			
	Processing of revision requests	18	6			
	Processing of submitted standardized baselines	10	2.4			
	* Design and implementation of CCS standards and procedures. Deliverable: finalization of project design, validation, monitoring, and verification requirements (Project 160)	1	0			
	* Further development and implementation of standardized baselines. Deliverables: (a) road testing of current approaches; (b) revised guidelines (including on the establishment of sector-specific standardized baselines and on QA/QC); (c) the collection of data for inclusion in a database; (d) the development of two standards with a methodological framework for two specific project types; (e) the top-down development of three standardized baselines (Project 110)	1	0			
	* Development of best-practice guidance for monitoring A/R projects. Deliverable: a field manual for the measurement of forest carbon pools when monitoring A/R projects/PoAs (Project 219)	1	0			
	* Simplification and streamlining of methodologies, tools, and standards. Deliverables: (a) development of eligibility criteria	20	0			

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
	for PoAs for greater applicability; (b) other deliverables to be elaborated in a concept note and confirmed at EB 77 (Project 223)					
	* New project in the same physical geographical location at which a project whose crediting period has expired existed (Project 225)	1	0			
Total		-	-	180.3	43.98	24

2. **Goal 2: Nurture policies to broaden demand for, and participation in, the CDM**
3. Tables 4, 5 and 6 outline the activities and resource usage for goal 2 and its three objectives and in the CDM MAP 2014.

Table 4 Objective 2(a): Facilitate the acceptance of CERs for compliance purposes

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Methodologies	* Improving transparency of the practices for local stakeholder consultations and assistance to DNAs in developing guidelines for stakeholder consultations in their countries (Project 227)	1	0	26.5	2.87	11
	* Development of guiding tools to assist DNAs in monitoring sustainable development benefits of CDM project activities	1	0			

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
	and PoAs (Project 228)					
Partnerships	* Engagement with policymakers and stakeholders in compliance markets. Deliverables: (a) engagement with all existing and prospective compliance markets for CERs, including emissions trading systems and sectoral programmes; (b) support to initiatives for the use of CERs to help close the pre-2020 mitigation gap and to meet post-2020 international mitigation targets (Project 231)	1	0			
Total		-	-	26.5	2.87	11

Table 5. Objective 2(b): Enhance the use of the CDM for voluntary purposes

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Project assessments	Sustainable development co-benefits	0	0	105.5	59.55	56
Partnerships	Engagement with other intergovernmental organizations	5	2			
	Nairobi Framework	1	1			
	RCC administration and partner engagement	4	4			
	* Engagement with policymakers and stakeholders in voluntary markets. Deliverables: (a) engagement with a minimum of 20 potential voluntary buyers representing aggregate demand of at least 20 million CERs per year; and (b) increased promotion and facilitation of voluntary cancellation; (c) support to initiatives for the use of CERs to meet corporate social	1	0			

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
	responsibility and carbon neutrality goals. (Project 232)					
Project support	CDM loan scheme contract administration	1	1			
	Off-site support to bottom-up standardized baselines (SBs) (help desk)	6	25			
	On-site support to bottom-up SBs	12	47			
	On-site support to projects (RCCs)	150	189			
Regulatory Improvement	* Improved transparency of sustainable development co-benefits. Deliverables: (a) implementation and promotion of the online tool; (b) analysis of the use of this tool (Project 149)	1	0			
Total		-	-	105.5	59.55	56

Table 6. Objective 2 (c): Further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance

Area	Activity	Volume: Forecast (Jan-Dec)	Volume: Actual (Jan-May)	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Servicing of Party-level bodies	CMP	1	0			
	Subsidiary Bodies	4	2			
Partnerships	* Development of the CDM as a tool in international climate policy. Deliverables: (a) implementation of the revised modalities and procedures; (b) generation of recommendations on further improvements to the CDM and links between it and other components of the evolving international response to climate change; (c) exploration of links between the CDM and supported nationally appropriate mitigation actions; (d) promotion of the role of the CDM as an accepted delivery vehicle for development and climate financing (including via the Green Climate Fund (Project 178 and 182)	1	0	25.7	10.84	42
Outreach	* Analysis of the net mitigation potential of the CDM. Deliverable: concept note on options for achieving net mitigation via the CDM (Project 226).	1	0			
Total		-	-	25.7	10.84	42

4. Table 7 outlines the activities and resource usage for the cross-cutting activities in the CDM MAP 2014

Table 7. Cross-cutting activities

Area	Activity	Staff months: Forecast (Jan-Dec)	Staff months: actual (Jan-May)	YTD % (Jan-May)
Internal administration	Administration (30 minutes per staff member per day, on the basis of 8 hours spent in office per day exclusive of breaks)	258.4	81.74	32
	Intra-secretariat engagement agreements (including communications, conference affairs, and editorial assistance)			
	Finance (including budget, expert payments, fee payments, and procurement)			
	Human resources (including performance appraisal process)			
	Information and knowledge management			
	Intranet management and newsletters			
	Mobile telephones and supplies			
	Training attendance			
	Training facilitation and management			
	Travel management			
IT services	Engagement agreement, * Design and implementation of the SDM Information System (Programme 105)	77.7	16.36	21
Management	Management and meetings	207.8	143.92	69
	Planning and monitoring/recording			
	Secretariat-wide responsibilities			
Other		0	16.94	0
Total		543.8	258.96	48

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