

CDM-EB81-A01

Management plan 2015

Version 01.0



United Nations
Framework Convention on
Climate Change

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1. Introduction

1. The management plan (MAP) sets out the approach, activities and resource requirements to support the effective execution of the Executive Board of the clean development mechanism (the Board) vision, goals and objectives for the clean development mechanism (CDM) in 2015, as defined in the CDM two-year business plan for 2014–2015 and management plan 2014 (CDM-EB75-A01-INFO)¹. Section 2 sets out the approach that the Board intends to take, which has been informed through its ongoing strategic planning exercises and stakeholder interactions. Section 3 links each of the Board's objectives to specific activities, including estimated volumes and resource requirements. Sections 4 and 5 provide additional information on the programme budget and human resources respectively.
2. The goals and objectives, as defined in the 2014–2015 CDM business plan, are reproduced below:

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

- (i) Operate efficient project and entity assessment processes
- (ii) Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism
- (iii) Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity

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

- (i) Facilitate the acceptance of certified emission reduction (CERs) for compliance purposes
- (ii) Enhance the use of the CDM for voluntary purposes
- (iii) Further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance.

2. Approach

3. The Board's vision – to continually enhance the CDM as an innovative, effective, credible and successful mechanism for mitigating climate change and driving sustainable development – remains valid. In 2015, the world's focus on climate issues will grow as Parties agree on the parameters of the future global climate agreement, including both the Paris agreement for a comprehensive framework applicable to all Parties beyond 2020 and specific measures to enhance ambition before 2020.
4. The CDM is a tried and tested mechanism that has served as a pioneer in international climate policy. Tangible achievements include over 7,500 projects, over 1.5 billion credits and more than 200 methodologies. Its less tangible contributions include over a decade of practical experience and enhancement, strengthened capacity in reducing emissions

¹ <https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20131111110519051/info_note43.pdf>

in developing countries, support for transformational climate policies (including from constituencies that might otherwise remain unengaged) and closer networks of stakeholders and governments. The founding principles of the CDM – that emitters should be able to achieve their climate targets in a flexible manner and that reducing emissions should go hand-in-hand with pursuing other policy objectives such as sustainable development – are now embedded in mainstream thinking.

5. As the world defines the contours of the future global climate agreement, the CDM offers numerous components that would serve as valuable tools for Parties to fulfil their contributions in a transparent and internationally recognized manner. It has a suite of tools for the measurement, reporting and verification of activity-level emissions and reductions. Its methodologies are widely recognized as international standards and are used or replicated across the world. It possesses an accreditation system for third-party validators/verifiers. It also includes a registry for issuing credits and tracking their transfers.
6. The Board acknowledges the challenges facing the CDM. The CDM has, over the past 13 years since its operationalization under the Marrakesh Accords, established itself as a major contributor to climate finance. However, current low levels of CER demand mean that many projects will never be implemented, as incentives for investment in the CDM have shrunk. Good projects lie stranded and capacity is drastically reducing, and yet the need for global action has never been greater.
7. The Board acknowledges the gravity of the challenges that are faced by the CDM and the low levels of revenue that are projected for 2015 and beyond. Careful stewardship of previous revenue and a high level of activity, particularly from the 2008–2012 period, has created a reserve that is sufficient to sustain an appropriate level of operations up to early 2020. Forward thinking and careful monitoring of expenditure will continue in order to ensure the continuation of the CDM until the end of the second commitment period under the Kyoto Protocol. The Board believes that a precautionary reduction in expenses for 2015 strikes the right balance between further improving the mechanism and prudently managing existing resources. Further details of the budget are available in section 4 of this document.
8. The Board activities in 2015 aim to strengthen the mechanism so as to best serve the needs of the emerging global climate system in whatever form Parties agree to in the future. The MAP covers the maintenance of mandated activities as well as the improvement efforts.
9. Under the first goal, of the Business Plan – “Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently” – the Board intends to concentrate substantive effort on specific projects to streamline the CDM with the aim of reducing complexity, making it more user-friendly, and enhancing its efficiency. This effort is aimed at further improving the mechanism in order to strengthen its value to, and use among, existing and new stakeholders, while preserving its environmental integrity, maintaining the stability of the regulatory apparatus, and reducing the burden or transaction costs on stakeholders. This approach is motivated by, *inter alia*, the recognition that, for some regions, including Africa, least developed countries and small island developing States, the opportunity to participate in the CDM has been low and efforts to make it usable for such regions must be continued. It also recognizes that reform must be significant in order to re-engage general investor interest.

10. Under the second goal of the Business Plan – “Nurture policies to broaden demand for, and participation in, the CDM” – the Board intends to concentrate effort on a specific series of activities to address the multiple ways that the CDM may be beneficially used. Among these activities are projects to assist policymakers and stakeholders and to develop and promote a tool for the voluntary cancellation of CERs. This effort is aimed at building accurate and up-to-date information about the potential of the use of the CDM and CERs for different purposes and how this may assist policy implementation and facilitation of climate action, raising awareness about decision 1/CP.19 inviting Parties to voluntarily cancel CERs to close the pre-2020 ambition gap, and providing for the easy and direct identification and cancellation of CERs.

3. Activities, volume estimates and resource requirements

11. Table 1 provides an overview of the resources allocated per objective, expressed as a percentage of the total allocation.

Table 1. Indicative allocation of resources by objective

Objective	Title of objective	Resource allocation (%)
1(a)	Operate efficient project and entity assessment processes	23
1(b)	Operate an effective regulatory framework	37
1(c)	Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity	19
2(a)	Facilitate the acceptance of CERs for compliance purposes	21
2(b)	Enhance the use of the CDM for voluntary purposes	
2(c)	Further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance	
Total		100

12. Tables 2–5 link specific activities to the objectives set out in the 2014–2015 business plan. The staff months column in each table provides an indication of the effort required to perform a particular activity.

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

Table 2. Objective 1(a): Operate efficient project and entity assessment processes

Activity Group	Activity for MAP document	Volume	Staff months
CDM registry	Changes to modalities of communication and transactions	5400 transactions	40.0
	CDM registry reports	-	6.0
Project assessments	Requests for direct communication, renewal of crediting period and review (Volume: 20 requests direct communication, 50 requests for renewal of crediting period, 40 requests for review)	110 requests	22.6
	Requests for programme of activities (PoA) issuance	40 requests	6.8
	Requests for PoA post registration changes (PRC)	21 requests	4.2
	Requests for PoA registration	40 requests	10.0
	Requests for project issuance	600 requests	53.0
	Requests for project PRC	70 requests	9.0
	Requests for project registration	230 requests	40.0
	* Simplification of the project submission, registration and issuance processes and further opportunities for streamlining	-	95.0
	PoA post-registration component project activities (CPA) inclusion requests	50 requests	6.9
	Sustainable development co-benefits, including reporting and promotional activities	-	11.0
Entity assessments	Performance assessments (validation and verification)	41 assessments	24.4
	Regular surveillance and spot checks	22 assessments	5.4
	Requests for initial and re-accreditation	6 requests	2.4
Total			336.7

(*) **Bold Italic text** represents projects

Table 3. Objective 1(b): Operate an effective regulatory framework

Activity Group	Activity for MAP document	Volume	Staff months
Communications	Media relations	-	18.6
External queries	Stakeholder communications (CDM information, DNAs, letters to the Board) (Volume: 540 CDM info, 36 DNAs, 120 letters to the Board)	696 transactions	32.1
Market and policy analysis	Policy analysis and reports	-	15.5

Activity Group	Activity for MAP document	Volume	Staff months
Secretariat-organized interactions	Regional DNA workshops and Carbon Forums (Africa, LAC and Asia Pacific)	-	15.0
	Calls for input and feedback to stakeholders	-	8.0
	Support to DNA Co-Chairs	-	1.0
	Support to stakeholders/capacity-building (DOEs)	-	6.6
Servicing of panels/working groups	A/R Working Group	1 meeting	1.1
	Accreditation Panel	3 meetings	4.1
	CCS Working Group	1 meeting	1.1
	Methodologies Panel	3 meetings	5.6
	Roster of experts (CDM)	-	7.3
	Small-scale Working Group	3 meetings	3.9
Servicing of regulatory body	Support to the Executive Board	6 meetings	50.0
	Payment of grants	143 transactions	1.2
	* Independent third-party evaluation of RCCs (including initial concept note)	-	2.5
	* Identification of key performance indicators (KPIs) (including initial concept note)	-	6.0
	* Improvement to the MAP preparation process		18.5
Accreditation system	Entity administration	45 entities	20.1
	Entity assessment planning	55 assessments	10.9
	Entity performance monitoring system	-	2.9
	Handling of complaints and requests for revisions	8 activities	1.9
Regulatory management	Regulatory framework management and processing and managing official documents	-	13.2
Regulatory policy improvement	* Enhance the clarity, consistency and user-friendliness of regulations	-	8.4
	* Application of the E- policy for additionality demonstration	-	2.3
Total			257.8

(*) **Bold Italic text** represents projects

Table 4. Objective 1(c): Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity

Activity Group	Activity for MAP document	Volume	Staff months
Methodologies	Processing of clarification requests for clarification, deviation, revision, new submissions and micro-scale additionality	66 requests	21.9
	Evaluation of standardized baselines	15 evaluations	33.9
	* Simplification of the process for developing standardized baselines, including developing country-specific thresholds and development of methodological standards for standardized baselines relating to two specific project types	-	48.6
	* Top down development of Methodologies/Standardized baselines and tools (including initial concept note covering, inter alia: cities and rural electrification, aviation, agriculture and international financing institutions)	-	49.0
	* New project in the same physical geographical location at which a project whose crediting period has expired existed	-	10.0

Activity Group	Activity for MAP document	Volume	Staff months
	<i>* Simplification of methodologies, including the development/revision of 14 tools, the elaboration of monitoring guidelines/standard to reduce transaction costs, including digitization and the development of a systematic approach for the consistent consideration of uncertainties</i>		80.7
Total			244.1

(*) **Bold Italic text** represents projects

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

Table 5. Objective 2(a): Facilitate the acceptance of CERs for compliance purposes Objective 2(b): Enhance the use of the CDM for voluntary purposes Objective 2(c): Further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance

Activity Group	Activity for MAP document	Volume	Staff months
Partnerships	Engagement with other IGOs	-	12.9
	Nairobi Framework coordination	-	3.0
	RCC operations	-	57.0
	CDM Loan Scheme	-	6.8
	<i>* Assisting policymakers/stakeholders in compliance markets</i>	-	26.5
	<i>* Development and promotion of voluntary cancellation tool</i>	-	45.0
Servicing of Party-level bodies	CMP	-	4.8
	Subsidiary bodies	-	7.4
Project support	<i>* Increased support for stranded projects</i>	-	5.9
Total			169.3

(*) **Bold Italic text** represents projects

3.3. Other activities

Table 6. Activities relating to internal administration, IT services and management (cross-cutting activities)

Activity Group	Activity for MAP document	Volume	Staff months
Communications	Communications engagement	-	37.2
Internal administration	Human resources (including performance appraisal process)	-	35.7
	Finance (including budget, expert payments, fee payments and procurement)	-	4.0
	Intra-secretariat engagement agreements (conference affairs and IT)	-	22.5
	Internal communications	-	11.8
	Information, knowledge and records management	-	12.2
	Supplies and subscriptions	-	-
	Skills development and learning	-	24.1
	Travel management	-	3.5
	Management and meetings	-	63.6
	Planning, monitoring and reporting	-	37.9
	Secretariat-wide responsibilities	-	5.4
TCO	Total cost of ownership	-	-
Total			257.9

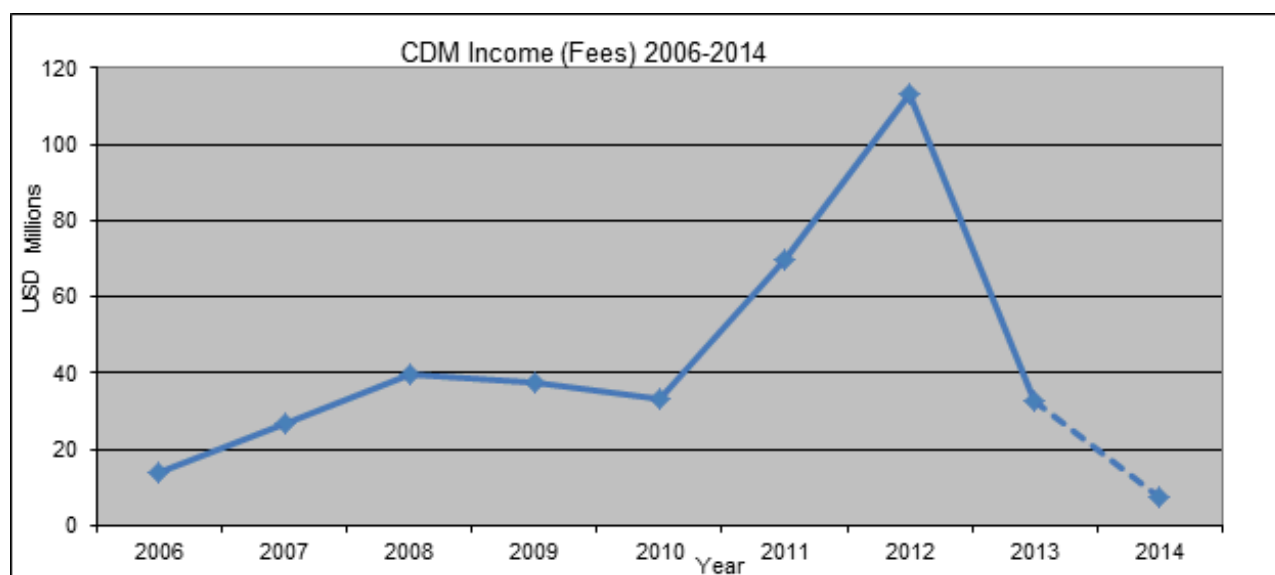
(*) **Bold Italic text** represents projects

4. Programme budget

4.1. Income and balance of funds

13. Activities under the CDM MAP 2015 will be funded from the CDM Trust Fund. Given the state of the CDM market, low levels of revenue are projected for 2015 and beyond. The expected income from fees and the share of proceeds (SOP) for 2015 is estimated at USD 3.1 million.

Figure 1. Income from fees and share of proceeds (in United States dollars)



14. Previous revenue, particularly from the 2008–2012 period, has created a reserve (see table 7). The strategic analysis on income and expenditure projections, presented annually for the Board's review, indicates that the CDM Trust Fund has sufficient resources to continue to fund an appropriate programme of work for the CDM to fulfil mandated responsibilities and sustain levels of operations up to 2020.
15. Table 7 shows the current balance of funds for the 2014 reporting period.

Table 7. Balance of funds (USD)

	As at 31 Oct 2014	Projected as at 31 Dec 2014
Carry-over from 31 December 2013 (A)	148,940,705	148,940,705
Income	6,275,619	7,530,743
Less: Expenditure	25,985,834	31,183,001
Surplus/(Deficit) (B)	(19,710,190)	(23,652,258)
Balance available (A+B)	129,230,515	125,288,447

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

16. Interest accruing on the CDM Trust Fund from 2009 to 2013 totaled USD 8 million. This amount is included in the carry-over and balance given in table 7 above and is earmarked to fund the loan scheme, as decided by Parties to the Kyoto Protocol (decision 3/CMP.6, paragraph 65).
17. Due to the current state of the market, there is an increasing amount of CERs remaining in the CDM Registry pending account instead of being forwarded to accounts of project participants. As a result, the unpaid balance of issuance fees, which become due prior to forwarding and not prior to issuance, is projected to rise to USD 51 million by the end of 2015.

18. Despite the fact that the costs of all activities associated with such issuance have been incurred by the secretariat (with the exception of the forwarding itself), this unpaid balance of issuance fees cannot be recovered under existing rules. Under the prevailing market conditions, the secretariat does not expect to recover these fees in 2015.

4.2. Budget

19. The proposed budget for the 2015 one-year period is USD 28 million, a decrease of approximately USD 4.8 million (14.7 per cent) when compared with the previous budget and 9.9 per cent compared with actual and projected expenditure to date in 2014.

Table 8. Comparison of budgets 2013, 2014 and 2015 (United States dollars)

	Budget 2013	Budget 2014	Budget 2015	Difference (2014/2015)	%
Staff	18,812,758	17,628,455	15,173,926	-2,454,529	-13.9
General temporary assistance	188,128	179,861	154,991	-24,870	-13.8
Consultants	1,475,726	596,181	219,203	-376,978	-63.2
Expert fees¹	1,019,080	366,200	442,800	76,600	20.9
Expert travel²	1,082,797	519,957	439,588	-80,369	-15.5
Staff-related costs	62,420	59,194	51,845	-7,348	-12.4
Travel of representatives - DNAs	405,820	783,022	498,164	-284,858	-36.4
Travel of representatives – EB³	856,414	1,127,012	1,131,841	4,829	0.4
Travel of staff	408,546	389,744	244,658	-145,086	-37.2
Training and skills development	540,647	279,139	161,464	-117,675	-42.2
Operating expenses⁴	8,674,147	6,768,085	5,865,287	-902,798	-13.3
Mobile telecommunication	49,400	45,600	18,800	-26,800	-58.8
Supplies	35,000	30,000	95,000	65,000	216.7
EB grants	357,000	357,000	357,000	0	0.0
Sub-total	33,967,883	29,129,451	24,854,567	-4,274,884	-14.7
Programme support (13% overhead)⁵	4,415,825	3,786,829	3,231,093	-555,735	-14.7
Total	38,383,708	32,916,280	28,085,660	-4,830,619	-14.7

1. Expert fees refer to panel and working group attendance fees and case fees.

2. Expert travel refers to travel costs of panel and working group members.

3. Travel of Executive Board members refers to the travel costs of to attend EB meetings, and CDM outreach events.

4. 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.
 5. 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.
20. The 2015 budget has been carefully allocated to activities that support the Board's commitment to scaling up the CDM, making it more agile, less expensive and burdensome to use, and better integrated with regional, national and voluntary carbon markets as well as nationally appropriate mitigation actions and channels for delivering results-based finance.
21. The budget focuses resources on:
- Substantially increasing Board interaction with regional policy makers and decision makers, based on experience gained in recent interactions in the margins of the Secretary General's Climate Summit, to nurture and build accurate and up-to-date information about the potential use of the CDM and CERs for different purposes, and how this may assist policy implementation and facilitation of climate action, while capitalizing on the opportunities offered by the different home locations of Board members, allowing them to attend regional forums and other interactions in a cost-effective manner;
 - Maintaining staff and non-staff resources for essential operational activities while concentrating improvement efforts towards specific projects to streamline the CDM with the aim of redeveloping it as an efficient and user-friendly mechanism that strengthens its value to, and use among, existing and new stakeholders, while preserving its environmental integrity, maintaining the stability of the regulatory apparatus and avoid any additional burden on stakeholders;
 - Engaging with policy makers/stakeholders in compliance and voluntary markets, making the cancellation of CERs easy, providing official notification of voluntary cancellation actions and supporting enhanced communication and messaging about completed cancellations through UNFCCC media; and
 - Supporting project developers to overcome identified limitations and gaps in skills and technical knowledge that inhibit the use of the CDM by stakeholders in least developed and developing countries, promoting and supporting CDM projects and building capacity to provide local support without the continuous presence of UNFCCC staff.
22. The careful monitoring of expenditure by the Board, including its scheduled mid-year review, will continue to ensure the continuation of the CDM until the end of the second commitment period under the Kyoto Protocol. The Board therefore believes that a precautionary reduction in budget for 2015 strikes the right balance between upholding the continued relevance of the mechanism and prudently managing existing resources.

5. Human resources

5.1. Current situation

23. As at 31 October 2014, there are 177 approved CDM posts. Currently, 146 posts are occupied by staff with fixed-term contracts, 7 posts are under recruitment and 24 posts are on hold.
24. The strategy to reduce staff costs through natural attrition remains in place. All vacant posts in SDM are carefully assessed and only those with duties directly aligned to core business activities are approved for recruitment.
25. Of the seven posts under recruitment, it is expected that some of these posts will be filled internally, which will lead to a further freezing of the vacant posts left behind by the successful internal candidates.

Table 9. Total number of posts in each unit (as at 31 October 2014)

CDM												
Location	Approved ¹			Occupied ²			Under recruitment ³			On hold ⁴		
	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	6	5	0	1	1	0	3	2
PEA	0	42	12	0	35	10	0	0	0	0	7	2
PMU	0	17	9	0	15	7	0	2	0	0	0	2
SCC	0	16	5	0	14	5	0	0	0	0	2	0
SSU	0	19	5	0	18	5	0	1	0	0	0	0
QPM	0	14	4	0	12	3	0	0	0	0	2	1
CAS	0	0	4	0	0	3	0	0	1	0	0	0
AS	0	0	2	0	0	2	0	0	0	0	0	0
CO	0	4	2	0	3	0	0	0	1	0	1	1
Subtotals	1	124	52	0	105	41	0	4	3	1	15	8
Totals	177			146			7			24		

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

¹ The number of Approved posts indicates those established by the Executive Board and shows the maximum number of allowed posts to be filled.

² Occupied posts are those that are currently filled by staff holding Fixed Term contracts.

³ Under recruitment indicates posts which are currently in the process of recruitment.

⁴ On hold indicates vacant posts for which currently no recruitment is initiated and/or planned.

26. Effective 1 July 2014, the secretariat's Communication and Outreach (CO) Programme assumed responsibility for communicating matters relating to the CDM and serving the communication needs of the Board. This ensures that the CDM is given full consideration in strategic communications planning by the secretariat in the lead up to Paris and more direct access to the secretariat's communications resources, including the new Coordinator of the CO Programme, hired in 2014. The CDM-funded members of the CO Programme are shown as CO in table 9.

27. As at 31 October 2014, six staff members were reassigned to the four already established Regional Collaboration Centers (RCCs). A recent call for expressions of interest has generated strong interest among the staff and it is expected that in 2015 all RCCs will be fully resourced, reaching a total of 10 staff members, including the RCC in Bangkok that is scheduled to begin operating in the first quarter of 2015.

5.2. Overview

28. Table 10 shows the total number of posts occupied, out of the total of 177 approved CDM posts over the past three years. The figure of 146 reflects the situation as at October 2014.

Table 10. Number of posts (2011–2014)

	2012	2013	2014
<i>Professional-level posts</i>	118	112	105
<i>General service-level posts</i>	45	45	41
Total occupied posts	163	157	146

29. During the same period (2012-2014), the level of service contracts issued has dropped significantly from 84 GTA/SSA contracts (for 3,570 worked days in 2012) to 15 GTA/SSA contracts (for 231 work days as at 31st October 2014).

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	28 November 2014	EB81, Annex 1 Initial adoption.

Decision Class: Operational
Document Type: Information note
Business Function: Governance
Keywords: EB, MAP, budget, support service, work programme
