

CDM-EB85-AA-04

Status of CDM MAP 2015 implementation

Version 01.0



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The clean development mechanism (CDM) management plan (MAP) 2015 was adopted at the eighty-first meeting of the CDM Executive Board (hereinafter referred to as the Board). At its eighty-third meeting, the Board agreed to continue with its practice of conducting a mid-year review of the status of MAP implementation (CDM-EB83, para. 11 (a)). Such a review would continue to allow the Board to assess the secretariat's implementation of the approved MAP for 2015 and offer guidance on refining, as needed, the direction of future work and the associated budget for the latter half of the year.

2. Purpose

2. The purpose of this document is to provide an update to the Board on the achievements to date against its two goals, the associated objectives under each goal, and the specific projects and activities agreed at its eighty-first meeting.
3. The document also provides information intended to assist the Board as it reviews performance for the first half of the year and decides what future efforts might be required of the secretariat to continue to be aligned with Board priorities.

3. Impacts

4. The Board's review of the MAP 2015 implementation at its eighty-fifth meeting, and its subsequent guidance regarding future direction and priorities for the secretariat's support of the CDM, should provide input to the work planned for the remainder of the year.

4. Subsequent work and timelines

5. The outcomes of the review, including related guidance on priorities for the remainder of the year, will inform the draft CDM 2016–2017 business plan and the associated draft CDM 2016 management plan scheduled for presentation at the eighty-seventh meeting of the Board.

5. Recommendations to the Board

6. The Board may take note of the status of the MAP 2015 as at 31 May 2015 and consider as appropriate the outcomes of the review to inform the draft CDM 2016–2017 business plan and the associated draft CDM 2016 management plan scheduled for presentation at EB 87.

EXECUTIVE SUMMARY

1. The clean development mechanism (CDM) management plan (MAP) 2015 was adopted at the eighty-first meeting of the CDM Executive Board (hereinafter referred to as the Board). At its eighty-third meeting (EB 83), the Board agreed to continue with its practice of conducting a mid-year review of the status of MAP implementation. This status of CDM MAP 2015 implementation report covers the period from 1 January to 31 May 2015 with a scope of activities that includes 54 operational activities and 14 projects.
2. Using the framework of the two goals and associated objectives from the approved 2015 MAP, the performance report has highlighted the following aspects during the reporting period with regard to activities in support of the business plan. The references to paragraph numbers that follow in this summary refer to those in the body of the report.
1. **Goal 1: Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently**
3. Regarding objective 1a: “Operate efficient project and entity assessment processes”, the two sub-projects of the approved MAP project delivered:
 - (a) All four planned report forms aimed to assist in simplifying submissions of CDM project activities (see paragraph 9 (a));
 - (b) Three out of the seven planned report forms aimed to assist in simplifying submissions of programmes of activities (PoAs) (see paragraph 9 (b));
 - (c) A concept note on proposals for simplification and streamlining of the CDM and, based on the direction provided by the Board, work to develop a proposal of specific changes to the CDM regulations is now underway (see paragraph 10);
 - (d) A concept note on the use of the CDM infrastructure in other fields based on the current CDM system (see paragraph 10);
 - (e) A concept note on a consolidated and streamlined set of provisions for PoAs and, based on guidance from the Board, these will now be delivered in conjunction with the major revision of the CDM project standard, the CDM validation and verification standard and the CDM project cycle procedure (see paragraph 10).
4. There are also 14 operational activities focused on operating the CDM registry and conducting project and entity assessments. The following aspects are noteworthy during the reporting period:
 - (a) Concerning the registry, there was a slight increase in the overall number of transactions processed, with fewer changes to modalities of communication (MoC) received and processed, compared to MAP projections (see paragraph 12);
 - (b) The overall volume of project assessment cases processed was approximately 21 per cent less than forecasted (see paragraph 13);
 - (c) There were 64 resubmission cases processed (see paragraph 14);

- (d) Substantial effort was required in the processing of five PoA issuance requests, as these requests routinely contained multiple component project activities (CPAs) (see paragraph 15);
 - (e) Regarding the overall volume of entity assessments, fewer than expected were conducted due to the adoption of the revised CDM accreditation procedure with associated transitional measures that were approved at EB 81 (see paragraph 17).
- 5. With respect to objective 1b: “Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism”, the five approved projects delivered:
 - (a) A concept note on the independent third-party evaluation of the work of the regional collaboration centres (RCCs). An independent consultant was selected and the final evaluation report is on track for consideration by the Board at EB 86 (see paragraph 19);
 - (b) Two concept notes that identify and address the needs of the Board with respect to a set of appropriate key performance indicators (KPIs). Work on a report to the Board regarding the pilot testing of the agreed KPIs is now in progress, and further consideration of the work is scheduled for 2016 (see paragraph 20);
 - (c) Two concept notes regarding the improvement of the MAP preparation process. The two remaining products are on track to be delivered as scheduled (see paragraph 21);
 - (d) A review of the regulatory development process with emphasis on strengthening and improving existing processes for assessing and identifying regulatory needs; and planning, preparing, and reviewing draft regulations prior to the Board’s consideration was conducted (see paragraph 22);
 - (e) Regarding the application of E- policy, the two analyses on additionality requested by the Board were delivered and informed the Board’s ongoing consideration of this issue (see paragraph 23).
- 6. There are also 20 operational activities focused on activities related to communications, responding to external queries, organizing regional workshops and forums and servicing of the Board and its panels and working groups that support this objective. The following aspects are noteworthy:
 - (a) The adoption of the “Single communication channel procedure” has positively impacted the problem of having the same query entering through multiple communication channels, resulting in efficiency gains for this area of work (see paragraph 26);
 - (b) Two events were organized during the reporting period as planned: the African Regional DNA Workshop and the African Carbon Forum. These events resulted in the “Marrakesh call for climate action,” encouraging parties to use the CDM for results-based financing (see paragraph 28).

7. Regarding objective 1c: “Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity”, the five approved projects delivered:
 - (a) A revised standardized baseline procedure (see paragraph 32);
 - (b) A concept note on the same physical geographical location at which a project whose crediting period has expired existed, and related guidance for new projects (see paragraph 34);
 - (c) Concept notes on non-binding best practice examples in methodologies and an analysis of implications of allowing requests for a revision of a methodology without draft project design documents (PDDs) (see paragraph 35);
 - (d) A concept note on additional land use, land-use change and forestry (LULUCF) activities under the CDM and additional approaches to the demonstration of land eligibility for afforestation and reforestation (A/R) CDM project activities (see paragraph 36).
 8. With respect to the two operational activities focused on the processing of requests for clarification, deviation, revision, new submissions and microscale additionality, as well as the evaluation of standardized baselines (SBs), the following aspects are noteworthy:
 - (a) Eight SBs have been evaluated and approved and 17 are currently under evaluation, out of which six and 13 respectively have received support from the RCCs;
 - (b) During the reporting period, the overall time required to evaluate an SB has been decreasing as a result of the increased quality of the submissions, which can be attributed to the support provided by the RCCs to the designated national authorities (DNAs), as well as the work done to streamline the process to prepare and submit SBs (see paragraph 39).
- 2. Goal 2: Nurture policies to broaden demand for, and participation in, the CDM**
9. With regard to goal 2: “Nurture policies to broaden demand for, and participation in, the CDM”, the three approved projects have:
 - (a) Established a memorandum of understanding (MoU) with the Caring for Climate initiative to engage key private-sector stakeholders in promotion of the voluntary use of certified emission reductions (CERs) (see paragraph 41 (c));
 - (b) Established an internal system for analysing, reporting, and recommending actions in response to ongoing policy developments in national jurisdictions (see paragraph 41 (a));
 - (c) Provided support to the voluntary cancellation of just over 1.3 million CERs (see paragraph 41 (d)).

10. The six operational activities focused on engagement with other intergovernmental organizations (IGOs) including the work of the RCCs, supporting the CDM loan scheme and servicing the Party-level bodies, have achieved, among other things:
 - (a) The consideration of the CDM as the market-based mechanism for the aviation sector (see paragraph 45 (a));
 - (b) An increased use of CDM methodologies (in the energy sector) and direct financial support for CDM projects at risk of becoming stranded through continued cooperation with the World Bank within the context of the pilot auctioning facility (PAF), and the Carbon Initiative for Development (Ci-Dev) (see paragraph 45 (d));
 - (c) Support for the harmonization of methodologies for greenhouse gas (GHG) quantification, and promotion of the use of the CDM through participation in the Working Group of International Finance Institutions (see paragraph 45 (f));
 - (d) During the reporting period, RCCs provided tangible support to 281 CDM projects/PoAs and 21 standardized baselines and have contributed to a higher level of engagement with CDM stakeholders, projects and PoAs (see paragraph 46).
11. The secretariat work performed under cross-cutting activities involved 12 operational activities including: programme coordination, management and support, communications engagement, internal administration (human resources, finance, information and records management and skills development), IT services and related projects. The following aspects are noteworthy:
 - (a) The secretariat issued 10 CDM-related news releases and advisories, and published six “In Focus” items on the CDM website that were disseminated and promoted via targeted media lists. Fifteen carbon market-related and 10 CDM-specific stories were published on the UNFCCC Newsroom website, including a short video about the CDM made during the sessions of the subsidiary bodies in June 2015. The UN_CarbonMechs social media channels were also maintained. UN_CarbonMechs now has 5,114 Twitter followers (an increase of 624 followers), and 4,405 Facebook “likes” (an increase of 460) (see paragraph 52);
 - (b) Additional efforts by the finance section were required for preparing for the secretariat-wide implementation of the new resource planning and management software (SAP/UMOJA), which will be implemented on 1 November 2015. This opportunity is also being used to improve efficiency and strengthen budget planning and financial reporting to the Board in aspects which, to date, had not been possible in the United Nations Integrated Management Information System (IMIS) currently in place (see paragraph 55);
 - (c) As part of effectively managing the information and records of the CDM, and in line with United Nations best practice, an electronic records inventory was completed during this reporting period, updating the inventory carried out in 2007 and providing an opportunity to adjust the records schedule detailing the records created, received and maintained in relation to the mechanism (see paragraph 56);

- (d) Staff capacity-building and training efforts have focused on supporting the development of simplified and user-friendly standards and procedures, providing effective meeting management and obtaining quality stakeholder input (see paragraph 57).
- 12. Overall, the results of the mid-year review as at 31 May 2015 indicate that the MAP approved projects and operational activities are delivering products and other work that meet expectations and according to the approved time schedule. Since the MAP approval, there has also been an additional 29 products/work items requested of the secretariat in the Board's rolling workplan (a 38 per cent increase). These are also being managed in order to deliver according to an agreed schedule.

TABLE OF CONTENTS	Page
1. INTRODUCTION	9
2. PROGRESS REPORT ON PROJECTS, OPERATIONAL ACTIVITIES AND RESOURCES UTILIZED.....	9
2.1. Goal 1: Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently.....	10
2.1.1. Objective 1a: Operate efficient project and entity assessment processes.....	10
2.1.2. Objective 1b: Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism.....	13
2.1.3. Objective 1c: Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity	17
2.2. Goal 2: Nurture policies to broaden demand for, and participation in, the CDM	21
2.3. Cross-cutting activities	24
3. FINANCIAL UPDATE	25
3.1. Status of income and expenditure to support CDM activities from 1 January to 31 May 2015.....	25
3.1.1. Income.....	25
3.1.2. Expenditure	29
4. HUMAN RESOURCES	31
5. CONCLUSIONS AND RECOMMENDATIONS	32
APPENDIX. OPERATIONAL ACTIVITY VOLUMES	33

1. Introduction

1. The CDM MAP 2015 was adopted at EB 81. At EB 83, the Board agreed to continue with its practice of conducting a mid-year review of the status of MAP implementation (CDM-EB83, para. 11 (a)). Such a review allows the Board to assess the implementation of the approved MAP for 2015 as at mid-year and to offer guidance on refining, as needed, the direction of future work and the associated budget for the latter half of the year.
2. This status of CDM MAP 2015 implementation report covers the period from 1 January to 31 May 2015. It details the work that is underway to support the achievement of the projects and operational activities in support of the two goals and associated objectives, as approved in the MAP 2015 (CDM-EB81-A01). It also provides information on the position of the secretariat's Sustainable Development Mechanisms (SDM) programme that supports the CDM, as at 31 May 2015, with respect to financial and human resources.

2. Progress report on projects, operational activities and resources utilized

3. The "CDM management plan 2015" (CDM-EB81-A01), details the two goals and six associated objectives as defined in the "CDM business plan 2014–2015 and management plan 2014" (CDM-EB76-A01, section 3) to guide the work of the Board and its support structure.
4. The scope of activities covered by this mid-year review includes 54 operational activities and 14 projects (13 projects were approved in the 2015 MAP and one additional project was approved as a result of a mandate received from the tenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) after the approval of the MAP). Of the 54 operational activities, 38 have volumes associated with them (e.g. number of cases, assessments, stakeholder queries, requests, etc.). For these 38 operational activities, table 1 in appendix 1 shows (i) the estimated annual volumes contained in the approved MAP, (ii) the projected volume for the reporting period, and (iii) the actual volume for the reporting period.
5. Based on the approved MAP, a total of 139 products (44 from operational activities and 95 from projects) were forecast to be delivered by the end of the year. In addition, since the approval of the MAP, the Board provided 18 additional mandates to its support structure, which resulted in 18 additional products for consideration by the Board in 2015. These additional mandates are currently being addressed by either adding them to other work streams approved in the MAP or as additional work items. In terms of delivery of products, as at 31 May 2015, a total of 64 products have been delivered in line with the current workplan of the Board.
6. Information including the products delivered by each project and the work performed in each area of operational activity, using the framework of the two goals and associated objectives from the approved 2015 MAP, is provided in the sections that follow.

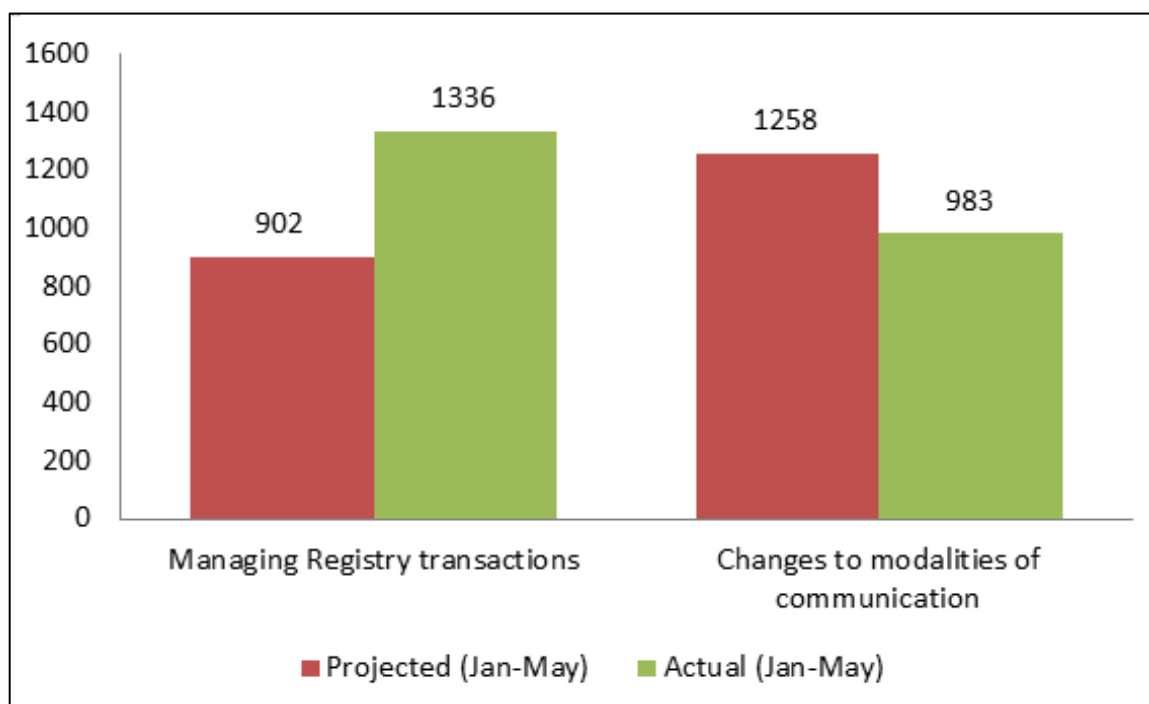
2.1. Goal 1: Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently

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

7. There is one project and 14 operational activities under this objective.
8. The project **Simplification of the project submission registration and issuance processes and further opportunities for streamlining** (see CDM-EB81-A01, table 2) has been divided into two sub-project activities that are elaborated below.
9. **Development of specific simplified project-cycle templates.** This sub-project activity is developing a set of 11 simplified and streamlined forms for project participants (PPs) and designated operational entities (DOEs), including the development of instructions for filling out the specific report forms:
 - (a) For CDM project activities, a set of four report forms are planned for delivery during the year. All of these, namely the validation report, the verification and certification report, the validation report for post-registration changes, and the validation report for renewal of crediting period, have been completed during the reporting period;
 - (b) For CDM PoAs, a set of seven report forms are planned for delivery during the year. Three of these, namely the validation reports for both PoAs and CPAs, and the monitoring report form for PoAs, have been completed during the reporting period. Eighty per cent of the work required to complete a further two report forms, namely the verification and certification report and the validation report for post-registration changes, has also been completed. Although work on the sixth and seventh report forms, namely the validation report for renewal of PoAs and the validation report form for renewal of crediting period of CPAs, has not yet started, it is on schedule for delivery by the end of August 2015 as planned;
 - (c) An information note for the Board, planned for delivery at EB 86, is on track.
10. **Simplification of the project submission, registration and issuance processes and further opportunities for streamlining of the CDM.** This sub-project activity aims to simplify and streamline the CDM while maintaining or improving environmental integrity, by identifying areas that need changing through to the revision of regulations and subsequent implementation:
 - (a) With regard to the proposal for simplification and streamlining of the CDM, the concept note was presented to the Board at EB 84 (CDM-EB84-AA-A01). Based on the direction given by the Board (CDM-EB84, paragraph 6), the work to develop a proposal of specific changes to the CDM regulations is under way. As part of it, the concept note on improving the application of materiality will be presented to the Board at EB 86 together with a proposal on options to simplify and streamline the CDM;
 - (b) Documented recommendations to the CMP will be prepared in conjunction with delivery of the final proposal for simplification and streamlining of the CDM, and presented at EB 86. Once agreed by the Board, the recommendations will be included in the Board's report to CMP 11;

- (c) With regard to the use of the CDM infrastructure in other fields, the concept note based on the current CDM system was presented to the Board at EB 84 (CDM-EB84-AA-03);
 - (d) With regard to the consolidated and streamlined set of provisions for PoAs, the concept note was presented to the Board at EB 84 (CDM-EB84-AA-A02). Based on the guidance provided by the Board (CDM-EB84, para. 8), these provisions will now be delivered in 2016, in conjunction with the major revision of the CDM project standard, the CDM validation and verification standard and the CDM project cycle procedure.
11. The 14 operational activities related to this objective are focused on operating the CDM registry and conducting project and entity assessments (see CDM-EB81-A01, table 2).
 12. In terms of the CDM registry, there was approximately seven per cent more overall registry activities processed than forecasted for the reporting period under review. As seen in figure 1 below, there was a slight increase in the number of transactions processed and fewer changes to modalities of communication (MoC), as compared to MAP 2015 projections, for the period under review.

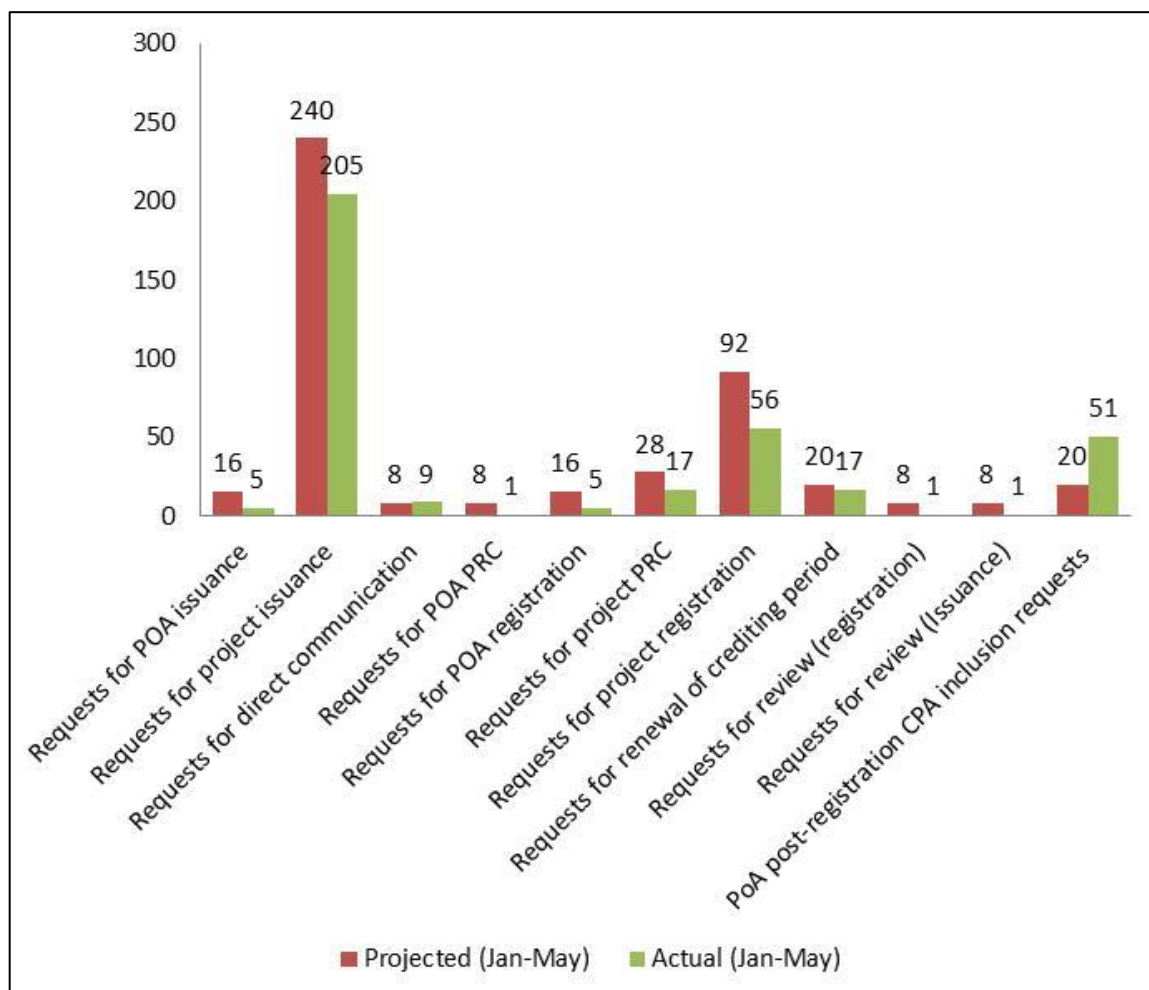
Figure 1. CDM Registry transactions (January to May 2015)



13. The overall volume of project assessment cases processed was approximately 21 per cent less than forecasted for the reporting period under review (figure 2).
14. There were 64 resubmission cases processed during the period, including: 32 project issuance, 3 renewal of crediting period (RCP), 22 registration, 2 PoA issuance, 1 PoA post-registration change (PRC) and 4 PoA registration.

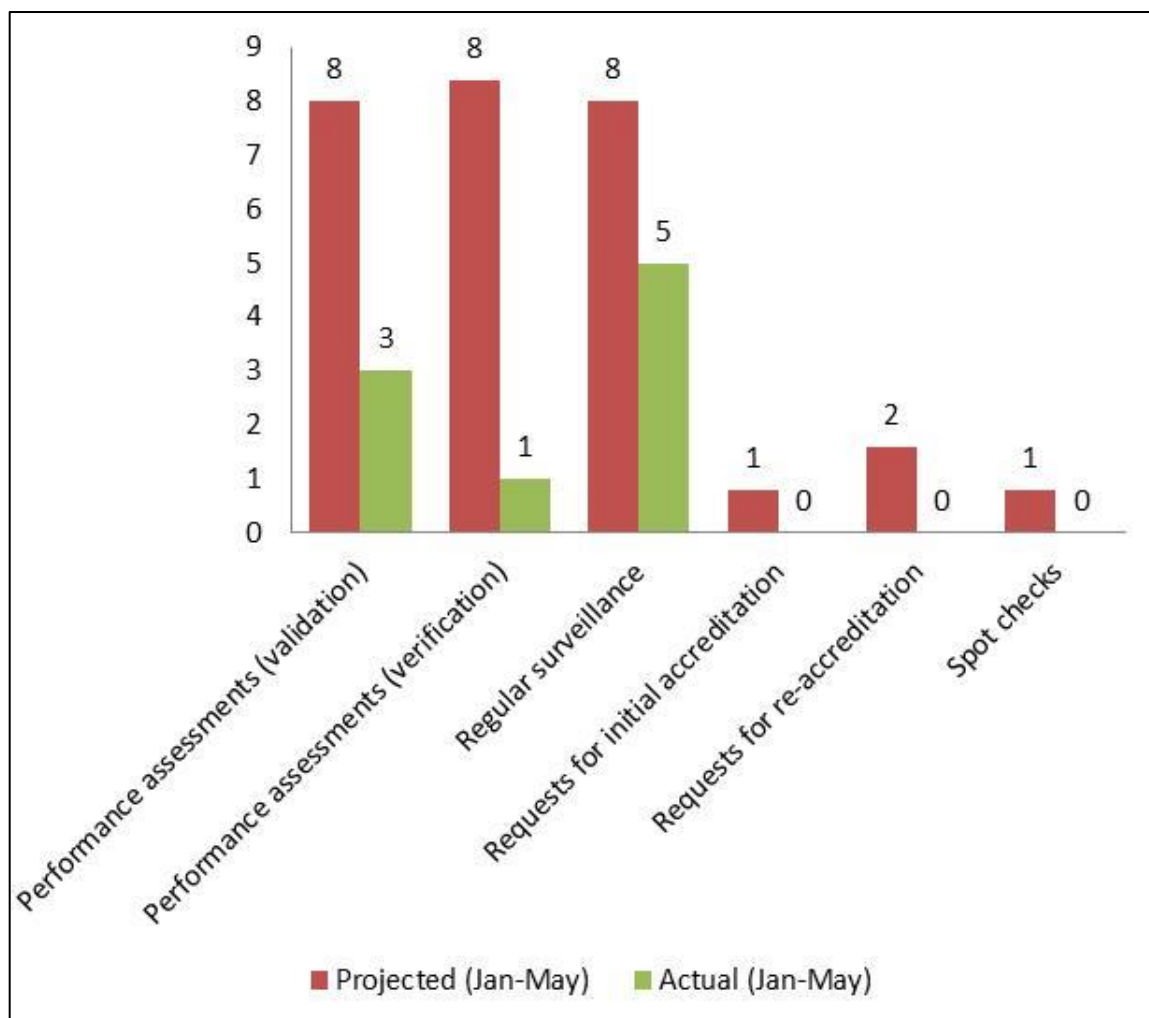
15. An area requiring substantial effort was the processing of five PoA issuance requests, as these requests routinely contain multiple CPAs.

Figure 2. Number of project assessments processed (January to May 2015)



16. There are currently 39 accredited DOEs compared to 43 in 2014. In terms of the overall volume of entity assessment cases, approximately 68 per cent fewer assessments were processed than forecasted for the reporting period under review (figure 3).
17. Assessment levels are down partially because of the transition to version 11.0 of the CDM accreditation procedure, which entered into force on 1 January 2014. In order to respond to DOE feedback that assessments need to be scaled down in view of decreasing business for both validation and verification, the Board at EB 81 introduced a temporary exception (valid only for the next two years), and modified the provision contained in paragraph 75 (a) of the CDM accreditation procedure (version 11.0) to have, after applying a risk-based approach, a minimum of one mandatory performance assessment every 20 months for any DOE. Furthermore, as a result of the low level of validation and verification/certification activities, fewer entities are subject to performance assessments. The Board also agreed to additional assessments of entities that do not have a scheduled on-site assessment in 2015, as part of the transitional measures on implementation of version 6.0 of the CDM accreditation standard.

Figure 3. Number of entity assessments processed (January to May 2015)



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

18. There are five projects and 20 operational activities that support this objective (see CDM-EB81-A01, table 3).
19. **Independent third-party evaluation of RCCs.** This project provides the Board with an independent third-party evaluation of the work of the RCCs with regard to their overall effectiveness and efficiency of operations:
 - (a) In accordance with timelines agreed with the Board, the initial product “Concept note along with terms of reference of the consultant to undertake the evaluation of RCCs” (CDM-EB82-AA-A07) was completed and delivered at EB 82 (CDM-EB82, para. 19);
 - (b) The shortlisting and selection of an independent consultant was completed on schedule at EB 83 (CDM-EB83, para. 10), and a contract was subsequently issued to the selected consultant following EB 83. The consultant visited the secretariat in May 2015 in connection with the preparation of the project plan,

which has since been submitted by the consultant and electronically approved by the Board;

- (c) The final evaluation report from the independent consultant is expected, as scheduled, in September 2015 for consideration by the Board at EB 86;
 - (d) In approving the Terms of Reference, the Board requested that the consultant visit all four RCCs. Although the resource requirements will need to increase to meet this request, this can be covered within the approved resources in the CDM MAP 2015.
20. **Identification of key performance indicators (KPIs).** This project identifies and addresses the needs of the Board with respect to a set of appropriate KPIs:
- (a) At EB 82 the Board discussed the initial concept note (CDM-EB82-AA-A03), noted the project's proposed products and timelines (CDM-EB82, para. 14) and requested a second concept note with proposals for KPIs, based on input provided by the Board at the same meeting. The second concept note was delivered at EB 84 (CDM-EB84-AA-A08), and the Board agreed on a list of core KPIs for the CDM (CDM-EB84, para. 16);
 - (b) Work on a report to the Board regarding the pilot testing of the agreed KPIs is now in progress, and further consideration of the work is scheduled for the 2016 mid-year review of the next MAP, with a view to implementing these KPIs by the end of that same year (CDM-EB84, para. 16);
 - (c) The two main pending products, (i) a KPI data collection system and (ii) a process to collect related data, are both on track to be delivered as planned.
21. **Improvement to the MAP preparation process.** This project reviews the current process for generating the two-year CDM business plan and the associated one-year CDM management plan and aims to improve it so that it continues to meet the expectations and needs of the Board:
- (a) The Board approved the project's products and timelines at EB 82 (CDM-EB82, para. 12), after considering an initial concept note (CDM-EB82-AA-A01). The Board considered an update on progress through a revised concept note provided at EB 83 (CDM-EB83-AA-A03) that included proposals provided by the Executive Board Finance Committee (EBFC) and requested the EBFC and the secretariat to further explore ways to best fulfil the mandate from the CMP relating to the prudent management of the CDM resources (CDM-EB83, para. 11);
 - (b) The remaining two products, namely a revised internal process and secretariat tool for producing more consistent resource estimates for the MAP and a timeline for improved EBFC–secretariat interactions are on track to be delivered as scheduled.
22. **Enhance the clarity, consistency and user-friendliness of regulations.** The work aims to improve the quality of the regulatory documents (standards, procedures, guidelines, methodologies, tools, etc.) and other official documents that the secretariat produces for the Board and stakeholders, as well as to enhance the management of the

regulations. The work under this project is mainly focused on the secretariat's internal regulatory development, management, and quality control processes:

- (a) A review has been conducted of the regulatory development process with an emphasis on strengthening and improving existing processes for (i) assessing and identifying regulatory needs and (ii) planning, preparing, and reviewing draft regulations prior to the Board's consideration;
- (b) In the second half of the year, work will begin on developing processes to: monitor the impacts of regulations; reduce the need for continual minor changes to regulations while remaining responsive to stakeholders; and ensure quality control at each phase of the regulatory development process. The work will also result in the development of an internal quality guideline for drafters and reviewers of CDM regulatory documents.

23. **Application of E- policy for additionality demonstration.** This project aims to address the mandates provided by the Board regarding the application of an E- guideline for additionality demonstration, in particular the development of a policy guideline for the application of E- guidelines for the demonstration of additionality through investment analysis:

- (a) Further analyses on additionality requested by the Board at EB 81 were delivered at EB 83 and EB 84, respectively. These analyses informed the Board's ongoing consideration of this issue;
- (b) Work on the remaining four products, namely: (i) the development of the draft policy guideline; a consolidated document covering E-issues, analyses and useful information; (ii) a revision to the Combined Tool and Additionality Tool; (iii) a consolidated document covering explanations of the E- issues, analysis and useful information, as appropriate; and (iv) an information note containing draft text on the implications of the Board's previous decisions, is in progress and on schedule for delivery before the end of the year.

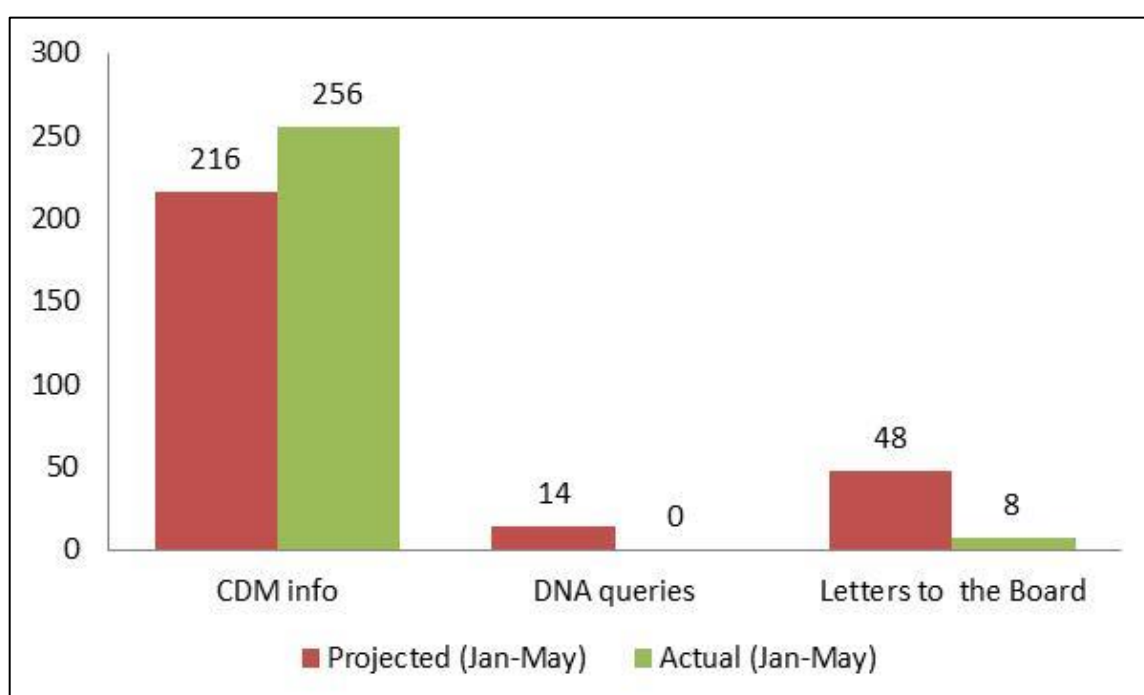
24. The 20 operational activities under this objective focus on activities related to communications, responding to external queries, organizing regional workshops and forums and the servicing of the Board and its panels and working groups (see CDM-EB81-A01; table 3).

25. In terms of the overall volume of external stakeholder queries (see figure 4), approximately five per cent fewer queries were processed than forecasted for the reporting period under review. The secretariat responded to 256 "secretariat track" communications (note: prior to the adoption of the new procedure, these queries were referred to as "CDM info" in the approved MAP) and eight "Board track" communications (letters to the Board) from stakeholders. Of the eight "Board track" communications, seven were discussed at Board meetings. "Secretariat track" communications mainly sought clarification on operational issues faced by project participants and DOEs at various stages of the CDM project cycle. Communications to the Board mainly requested changes in CDM regulatory documents to accommodate specific situations faced by stakeholders. Examples of where feedback and communications from stakeholders contributed to regulatory changes or consideration for change include:

- (a) The revision of the "Development, revision, clarification and update of standardized baselines" procedure at EB 84 (CDM-EB84-A10);

- (b) The Board's consideration of case-specific situations for projects and PoAs mainly related to approval for engaging the same DOE for validation and verification as elaborated in the "CDM project cycle procedure" at EB 82 (CDM-EB82-A15).
26. Furthermore, the Board's adoption of the revised "Procedure for direct communications" at EB 82 is of notable importance, as this procedure avoids the problem of having the same query entering through multiple communication channels. The impact of this procedure will result in efficiency gains for this area of work.

Figure 4. External stakeholder queries processed



27. During the reporting period, the secretariat organized three web-based conference calls. On average, 20 DOE representatives participated in the calls. Issues raised during the calls varied from ones concerning the CDM project cycle procedure to the accreditation standard and procedure, and were subsequently clarified during the conference calls. One of the major issues raised by the DOEs was the cost of accreditation. In response, the secretariat informed DOEs of the transitional measures already put in place by the Board. DOE input on this issue was also considered in preparation of a concept note addressing the cost of accreditation, for consideration by the Board at EB 85.
28. Two events were organized back-to-back in Marrakech, Morocco, during the reporting period: the African Regional Workshop on Carbon Finance (11 and 12 April 2015) and the Africa Carbon Forum (13 and 14 April 2015), which included a ministerial segment. More than 110 delegates participated in the workshop, over 600 delegates participated in the Forum and more than 15 environment ministers and 9 appointed representatives of ministers were around the table at the high-level dialogue. Much attention was given to the possible ways in which the CDM can be used to fill the pre-2020 gap. Participants advocated a continued role for the CDM as it can combine environmental integrity, poverty reduction and contribution to gross domestic product. It was also recognized that

African countries have finally acquired the expertise and the capacity to participate in the mechanism. Therefore, many participants expressed concern over the possibility of moving to new instruments where new capacity would need to be developed.

29. Regarding the ongoing CDM improvement work, participants called for a more flexible and simplified mechanism with harmonized requirements that could be coherent and readily available to fit the needs of the Green Climate Fund (GCF), World Bank (through Ci-Dev) and other financial initiatives. Participants also called for the GCF to use the CDM infrastructure to speed up access to finance for Africa rather than “reinventing the wheel”.
30. The ministerial dialogue resulted in a “Marrakesh call for climate action”. Highlights of the call included: (i) recognition of the role that markets should play to raise ambition and the need to ensure private-sector participation; (ii) a call for a reformed CDM under the Paris agreement; and (iii) an invitation to the GCF and its accredited entities to use the CDM project portfolio as candidates for receiving GCF funding. Of significant note, ministers highlighted the important role of women in combatting climate change and addressing other environmental challenges and endorsed an initiative that had been conceptualized by female representatives of CDM DNAs in the workshop to create a group called “Women for the CDM” aimed at promoting CDM projects that improve the quality of life of women in Africa.

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

31. There are five projects and two operational activities that support this objective. The first four projects were approved as part of the MAP 2015 (see CDM-EB81-A01, table 4). The fifth project, “Additional LULUCF activities under the CDM and additional approaches to demonstration of land eligibility for A/R CDM project activities”, results from mandates received from the CMP (decisions 7/CMP.10 and 4/CMP.10) and was therefore initiated after the approval of the MAP 2015.
32. **Further development of the standardized baselines framework.** This now replaces the first project under this objective as approved in the MAP 2015 (see CDM-EB81-A01, table 4). The project’s new title, products and timelines were approved by the Board at EB 82 (CDM-EB82, para. 39). The project aims to complete the regulatory framework for standardized baselines (SBs) by delivering a set of products for the Board’s approval in 2015 and 2016. Board consideration at EB 84 led to the completion of the first product within this project, namely the adoption of a revised SB procedure. Progress on all products associated with this project is shown in table 1 below (see also the approved workplan for this project (CDM-EB82-A06)).

Table 1. Product progress for project “Further development of the standardized baselines framework”

Product title/short description	% complete	*Forecasted delivery
Revision of standardized baselines procedure	100%	2015
Report on the road-testing of the current approaches in the standardized baselines guidelines	40%	EB 87 - 2015
Revision of standardized baselines guidelines	50%	EB 87 - 2015
Reports on the development of database on cost and efficiency of technologies	50%	EB 86 - 2015
Support to the development of six standardized baselines	50%	At the appropriate EB meeting
Rules for development of sector-wide emission factors	40%	2016
Development of “Frequently Asked Questions” (FAQ) on standardized baselines and enhanced communication with stakeholders on standardized baselines	50%	2015
Improvement of: SB website, SB workflow, SB web-based system and database on cost and efficiency of technologies	20%	2015
Development of two standards with a methodological framework for two specific project types	30%	EB 87 and 2016
Further work to define rules for determination of country-specific thresholds for specific project types/sectors of underrepresented countries	40%	EB 87 and 2016

Note: *Based on the current EB workplan.

33. **Development of new methodologies to broaden the applicability of the CDM.** This replaces the second project under this objective as approved in the MAP 2015 (see CDM-EB81-A01, table 4). The project’s new title, products and timelines were approved by the Board at EB 82 (CDM-EB82-A07). The project will develop a set of methodologies for delivery in 2015 and 2016, in the sectors of cities, aviation, biofuels, transport, and agriculture:

- (a) Seventy-five per cent of the work required to prepare four concept notes (cities, biofuels, transport, and agriculture) has been completed. Seventy-five per cent of the work required for the development of a methodology for electrification and fifty per cent of the work required for the development of a methodology for thermal energy has also been completed. All of these products are on schedule for delivery in 2015, in accordance with the Board’s approved workplan (CDM-EB84-AA-A07);
- (b) The development of renewable energy and energy efficiency methodologies for the aviation sector are on track for consideration by the Board at EB 87, and are scheduled for final delivery early in 2016.

34. **New project in the same geographical location at which a project whose crediting period has expired existed.** This project aims to develop guidance on how to determine whether a project activity or CPA is a continuation or modification of another project activity or CPA and assess and report whether changes to the modalities and procedures for the CDM are required:
- (a) The first two products, namely (i) a concept note for consideration by the Methodologies Panel and Small-Scale Working Group, and (ii) the related guidance for new projects in the same physical geographical location at which a project whose crediting period has expired existed, have now been completed;
 - (b) Work is now in progress on the remaining two products, (iii) the analysis on the extension of the applicability of the agreed criteria for projects whose crediting period has not yet expired and additional criteria for cases that may not need to follow the agreed process, and (iv) inclusion of the adopted criteria into the existing regulatory framework, and these products are on schedule to be delivered in accordance with the Board's approved workplan (CDM-EB84-AA-A07).
35. **Simplification of methodologies, including digitization, to reduce transaction costs.** This replaces the fourth project under this objective as approved in the MAP 2015 (see CDM-EB81-A01, table 4). The project's new title, products and timelines were approved by the Board at EB 82 (CDM-EB82-A08). The project aims to produce, according to an approved schedule, the following activities related to methodology improvement for delivery in 2015 and 2016: (i) improve monitoring methodologies; (ii) develop non-binding best practice examples in methodologies to avoid common pitfalls in methodology application by deploying collective experience of the support structure of the Board (i.e. secretariat, panels and working groups); (iii) explore options to expand and streamline positive list of technologies (e.g. revision of CPA thresholds); (iv) explore alternative simplified approaches for additionality; (v) standardize methodology-specific PDD templates and calculation tools and digitize them to enable the generation of CDM project documentation at the user end with minimal effort; (vi) identify and recommend combinations of large-scale methodologies that do not require prior approval for application in PoAs; (vii) develop survey guidelines to enhance clarity of requirements and reduce costs of surveys; and (viii) further work on large-scale and small-scale methodologies mandated by the Board to streamline and simplify the requirements:
- (a) The Board approved this project's products and timelines for 2015 at EB 82 (CDM-EB82-A08), and provided a further mandate for work to look into additionality in a more holistic way (CDM-EB82, para. 41);
 - (b) Work has commenced on non-binding best practice examples in methodologies and an analysis of implications of allowing requests for a revision of a methodology without draft PDDs. Four initial methodologies were approved at EB 83 (ACM0001, ACM0012, AMS-III.D and AMS-III.H) (see CDM-EB83, para. 32). Progress on all products within this project is shown in table 2 below (see also CDM-EB84-AA-A07).

Table 2. Product progress for project “Simplification of methodologies, including digitization, to reduce transaction costs”

Product title/short description	% complete	*Forecasted delivery
Non-binding best practice examples in the methodologies – concept note	100%	2015
Analysis of the implications of allowing requests for revision of a methodology without a draft PDD – concept note	100%	2015
Non-binding best practice examples in the methodologies	50%	EB 87 - 2015
Revision of small-scale and microscale additionality guidelines (update of positive list, harmonization of the guidelines)	75%	EB 85 - 2015
Analysis of CPA threshold	75%	EB 85 - 2015
Monitoring guidelines/standards (sub-product 1)	75%	EB 87 - 2015
Digitized methodology-specific forms for two specific methodologies	50%	EB 87 - 2015
PoA regulatory documents	75%	EB 87 - 2015
Revisions of small-scale and large-scale methodologies	75%	EB 87 - 2015
Additionality – concept note	75%	EB 85 - 2015
Monitoring guidelines/standards (sub-product 2)	50%	EB 87 and 2016
Digitized methodology-specific forms (for one specific methodology)	75%	EB 87 and 2016

Note: *Based on the current EB workplan.

36. **Additional LULUCF activities under the CDM and additional approaches to demonstration of land eligibility for A/R CDM project activities.** This project is the result of a mandate from CMP 10 assigned after the approval of the 2015 MAP (decisions 7/CMP.10 and 4/CMP.10). The project aims to support the Board in taking informed decisions related to recommendations to the CMP on: (i) the possible eligibility of additional LULUCF activities involving revegetation, including revegetation in areas with agroforestry and silvopastoral practices; and (ii) additional cost-effective approaches for demonstration of eligibility of land for A/R CDM project activities:

- (a) The Board considered the initial product of this project, a concept note, at EB 83. It also confirmed two related CMP recommendations (CDM-EB83, paras. 33 and 34), which are to be included as part of the Board’s report to CMP 11;

- (b) Work on the two draft reports containing the Board's two recommendations to the CMP is in progress and on track to be delivered, in accordance with the Board's approved workplan (CDM-EB84-AA-A07).
- 37. The two operational activities under this objective focus on the processing of requests for clarification, deviation, revision, new submissions of methodologies and microscale additionality, in addition to the evaluation of standardized baselines (see CDM-EB81-A01, table 4).
- 38. Requests for methodological clarifications, deviations and revisions received to date were related to expanding the scope of methodologies and reducing monitoring and documentation costs. Many of these were among the more than 280 requests for various types of clarifications and requests for assistance that were received through the RCCs.
- 39. Eight SBs have been evaluated and approved in 2015 (for which work had commenced in prior years). Seventeen SBs are currently under evaluation in 2015. RCCs have directly supported six of the approved SBs and 13 of the SBs currently under evaluation. During the reporting period, the overall time required to evaluate an SB has been decreasing, as a result of the increased quality of the submissions (including improved compliance with relevant standards and guidelines) and shorter response times from the DNAs.
- 2.2. Goal 2: Nurture policies to broaden demand for, and participation in, the CDM**
- 40. There are three projects and six operational activities supporting this objective (see CDM-EB81-A01, table 5). The progress regarding the first two projects will be reported in a separate report due to the fact that these projects are being managed as part of the demand side initiative (DSI) work.
- 41. **Assisting policymakers/stakeholders in compliance markets and Development and promotion of voluntary cancellation tool.** The aim of the work under these two projects is to drive and coordinate activities in support of nurturing demand for the CDM and the CERs it produces. This includes demand for CERs in both voluntary and compliance markets, as well as demand for the CDM and its infrastructure, such as processes and standards for approving mitigation projects, and assessing the quality and quantity of mitigation outcomes. The ongoing work under these projects in 2015 continues to build on the activities initiated in 2014:
 - (a) The secretariat is, as a matter of regular operations, engaging with, advising and supporting a wide range of negotiators, policymakers and other stakeholders involved in the UNFCCC process, as well as in external events such as Carbon Expo. The potential role of the CDM and other market-based approaches features prominently in these interactions, for example in relation to international transfer of mitigation outcomes, and in supporting domestic policymaking. In this context the secretariat regularly reviews significant policy developments related to the use of market mechanisms, which is also the basis for the quarterly reports submitted to the Board on carbon market updates. This work was presented in more detail at EB 84. Furthermore, an internal system for analysing, reporting, and recommending actions in response to ongoing policy developments in national jurisdictions was also established to inform the ongoing work in this area;

- (b) Ongoing coordination, analyses, outreach and promotional activities are under way to support the major deliverables, namely support provided to nurture the demand for CDM/CERs, the online voluntary cancellation platform/tool, offsetting activities for the Board in 2015, and the promotion of the voluntary cancellation tool (with support from the RCCs), which are expected to be completed in 2015;
 - (c) During the reporting period a memorandum of understanding (MoU) was established with the Caring for Climate initiative to engage key private-sector stakeholders in promotion of the voluntary use of CERs;
 - (d) A website was launched in the second half of 2014 to provide information on voluntary cancellations and report on the voluntary cancellations occurring in the CDM Registry. During the reporting period, a total of just over 1.3 million (1,346,984.00) CER cancellations occurred.
- 42. **Increased support for stranded projects.** This project aims to collect and provide factual information about CDM projects including the operating status of individual CDM projects:
 - (a) The Board considered an initial concept note at EB 82 (CDM-EB82, para. 15);
 - (b) In addition to the original products, the Board requested two more products: (i) a concept note on reaching out to financing institutions to facilitate sharing of factual information on CDM projects and a survey for project developers provided at EB 84 (CDM-EB84-AA-A05); and (ii) a concept note with a revised proposal for a database containing project information that will be presented at EB 85;
 - (c) Work on the remaining products, an information note on the relevant system and process established, as well as a first periodic reporting of inactive projects, is in progress and will be completed using the guidance expected from the Board in its review of a concept note to be presented at EB 85 (CDM-EB84-AA-A07).
- 43. The six operational activities under this objective include a focus on engagement with IGOs including the work of the RCCs, supporting the CDM loan scheme and servicing the Party-level bodies (see CDM-EB81-A01, table 5).
- 44. With respect to the loan scheme, the United Nations Office for Project Services (UNOPS) continued to monitor the loans approved in phases one to six. It also launched a seventh phase of applications that closed on 31 March 2015. This application phase was limited to projects seeking loan funds for monitoring and verification stages (four out of seven loan applications were approved). During the reporting period, the secretariat continued its oversight role in the loan scheme through the review of annual business plans, quarterly reports and financial statements. Preparatory work is in progress for the independent review and evaluation of the loan scheme. This evaluation will provide input to determine whether the loan scheme should be extended beyond its expiry date in 2017.
- 45. With respect to engagement with IGOs, during the reporting period the following activities occurred:
 - (a) Cooperation with the International Civil Aviation Organization (ICAO) resulted in consideration of the CDM as the market-based mechanism for the aviation sector, which is expected to be adopted by the ICAO Assembly in 2016;

- (b) A meeting occurred between the secretariat and the International Maritime Organization (IMO) as part of encouraging the maritime sector to initially voluntarily cancel CERs, and then possibly move towards formally adopting a market-based measure (the CDM) to address the sector's climate footprint. This has been encouraged by a decision of the IMO itself to go climate neutral retroactively from 2008 by using CERs;
 - (c) Within the wider United Nations system (64 organizations, some 70,000 staff and 130,000 peacekeepers), a climate neutral policy has been adopted that commits all United Nations organizations to become climate neutral by 2020, including through the use of CERs. During the reporting period, a total of 15 United Nations organizations have become climate neutral, and at least 11 more are considering to do so;
 - (d) Continued cooperation with the World Bank within the context of the PAF and Ci-Dev has resulted in the increased use of CDM methodologies (in the energy sector) and direct financial support for CDM projects at risk of becoming stranded;
 - (e) Initial information exchange (via teleconferences and a meeting) with the GCF has provided the basis for better mutual understanding of opportunities and barriers for closer connections between the CDM and the GCF, and will be used as the basis for further outreach and cooperation efforts;
 - (f) Participation in the Working Group of International Finance Institutions has resulted in support for the harmonization of methodologies for GHG quantification and promotion of the use of the CDM;
 - (g) Meetings occurred between the secretariat and the International Organization for Standardization (ISO) Technical Committee (TC) 207 to provide input on standards for mitigation, to explain CDM achievements to date, and to seek to strengthen the alignment of ISO with the CDM where appropriate.
46. With respect to RCCs, there are four centres, of which two, Lomé and Kampala, have been operating for just over two years. In close collaboration with teams in Bonn, to date the RCCs have provided tangible support to 281 CDM projects/PoAs and 21 standardized baselines and have contributed to a higher level of engagement with CDM stakeholders, projects and PoAs. With regard to standardized baselines, the support included direct technical assistance and, in many cases, analysis of their potentiality and feasibility.
47. RCCs have organized and co-organized events aiming to increase the implementation of mitigation activities under the CDM. Some examples include: i) the PoA Workshop for the Caribbean in Grenada in March 2015; ii) the National Interaction on Clean Development Mechanism (CDM) as a Global Mitigation Tool in Malawi in March 2015; iii) the Supporting Energy Access through Results-based Finance Using the CDM workshop in Togo in May 2015; iv) the Supporting Energy Access through Results-based Finance Using the Clean Development Mechanism workshop in Uganda in May 2015. In March 2015, the second RCC Global Forum of the host partners and the first round table of collaborating agencies took place in Bonn. They were important occasions to share experience and lessons learned. The active participation of staff from the host partners

also demonstrated that CDM-related capacity is being built and nurtured among the host partner institutions.

48. In terms of the human and financial resources invested in the RCCs to date, the resources leveraged from the host partners and other external sources reached 95 per cent of the funds contributed by the secretariat in 2014. Initial figures until early June 2015 seem to indicate that the level of leveraged resources from host partners (USD 209 000) and external sources (USD 82 000) will match or even exceed the level of 2014 by the end of 2015.

2.3. Cross-cutting activities

49. The work under cross-cutting activities involves 12 operational activities including: programme coordination, management and support, communications engagement, internal administration (human resources, finance, information and records management and skills development), IT services and related projects (see CDM-EB81-A01, table 6).
50. Engagement in communications covered a wide spectrum. The secretariat issued 10 CDM-related news releases and advisories, and published six “In Focus” items on the CDM website that were disseminated and promoted via targeted media lists. Fifteen carbon market-related and 10 CDM-specific stories were published on the UNFCCC Newsroom website, including a short video about the CDM made during the sessions of the subsidiary bodies in June 2015.
51. A daily press round-up on issues relevant to the work of the Board was disseminated, as well as a digest including reports and analysis on carbon markets and mechanisms produced every other month. The recent survey (conducted during the fourth quarter (Q4) of 2014 and Q1 2015) on clients’ level of satisfaction with the digest showed that the respondents are satisfied or very satisfied.
52. The UN_CarbonMechs social media channels were maintained, promoting CDM-related topics. UN_CarbonMechs has 5,114 Twitter followers (an increase of 624 followers compared to Q4 2014), and has 4,405 Facebook “likes” (an increase of 460 “likes” compared to Q4 2014).
53. Two new videos showcasing the CDM in action on the ground were commissioned and are in the final stage of production. Written and visual material was also contributed for a series of videos on climate change governance being produced by the International Institute for Sustainable Development. Production and design work was carried out on an Afforestation and Reforestation manual soon to be published online.
54. Organizational work was carried out in support of key events, including EB 82, EB 83 and EB 84, Africa Carbon Forum 2015 in Marrakech, and Carbon Expo 2015 in Barcelona, Spain, all of which were used to convey messages at the events (formal and side event programme), through social media, on the UNFCCC Newsroom website and through the press.
55. During this reporting period, financial support was delivered relating to budget monitoring and reporting, procuring venues and services, arranging travel and processing payments for the planned meetings of the Board, its supporting panels and working groups and the regional workshop in Marrakech. Additionally, efforts were focused on preparing for the secretariat-wide implementation of the new resource planning and management software (SAP/UMOJA), which will be implemented on 1 November 2015. The finance

team is using this opportunity in the transition to the new advanced enterprise resource planning (ERP) system to improve budget planning and financial reporting to the Board under the operational and project activities, which to date has not been possible in the United Nations Integrated Management Information System (IMIS) currently in place.

56. In relation to effectively managing the information and records of the CDM, an electronic records inventory was completed during this reporting period, updating the inventory carried out in 2007 and providing an opportunity to adjust the records schedule detailing the records created, received and maintained in relation to the mechanism. This is in line with United Nations best practice. Additionally, a series of mandatory training for all SDM staff was carried out to ensure both awareness of and compliance with records and information management policies and guidelines.
57. Staff capacity-building and training efforts have focused on supporting the development of simplified and user-friendly standards and procedures, providing effective meeting management and obtaining quality stakeholder input. Training delivered during this period included: writing effective concept notes; delivering high quality virtual meeting facilitation; and designing online surveys for optimizing feedback. Additionally, targeted training sessions were carried out relating to the Customer Relationship Management (CRM) system, which manages SDM interactions with stakeholders, in order to improve the quality of services provided to stakeholders.
58. With respect to the IT Engagement Agreement, specific services were provided during the period under review. These can be divided into two broad components. The first component was the provision of a set of services such as content management of the CDM website (97 interventions), Board/panel/working group meetings and workshops, including membership support (106 interventions) and the manual interventions/operational change requests that were required in the period to ensure that IT systems were changed to reflect Board-approved changes/improvements in the regulatory system (810 interventions). The second component was the provision of specialized IT development expertise to assist the SDM programme in providing appropriate support to MAP approved projects with an IT component, such as provision of the Sustainable Development (SD) Tool, the Voluntary Cancellation Tool and PoA Issuance and Forwarding. In order to maximize the investment made by the SDM programme in IT, work is currently under way to identify new ways to outsource IT work, such as that required to underpin standardized baselines, PoA life cycle and digitization of the PDD.

3. Financial update

3.1. Status of income and expenditure to support CDM activities from 1 January to 31 May 2015

3.1.1. Income

59. Table 3 below shows the income received in the period from 1 January to 31 May 2015 and the balance brought forward from 2014.

Table 3. Income received in 2015, including carry-over from 2014 (in United States dollars)

Carry-over figure from 2014 (A)	128 031 587
Income received in 2015	
Accreditation fees	22 500
Fees from the accreditation process	11 955
Registration fees ^(a)	426 341
Methodology fees ^(b)	3 000
Share of proceeds (SOP) ^(c)	3 707 951
Sub-total – Income 1 January–31 May 2015 (B)	4 171 747
Current balance of 2014 carry-over and 2015 income (A + B)	132 203 334

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.

60. The total fees received as at 31 May 2015 amounted to USD 4.2 million (table 3).¹ Although this exceeds the expected income from fees and the share of proceeds (SOP) of USD 3.1 million for 2015,² this is not a trend that is expected to continue.
61. CERs remain in pending accounts for which forwarding has not been requested. The CERs have a value in terms of fees of approximately USD 31.6 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 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 2015.
62. The total interest accrued in the CDM Trust Fund from prior years to 31 May 2015 amounted to USD 9.1 million and is included in the carry-over and balance reported in table 3.

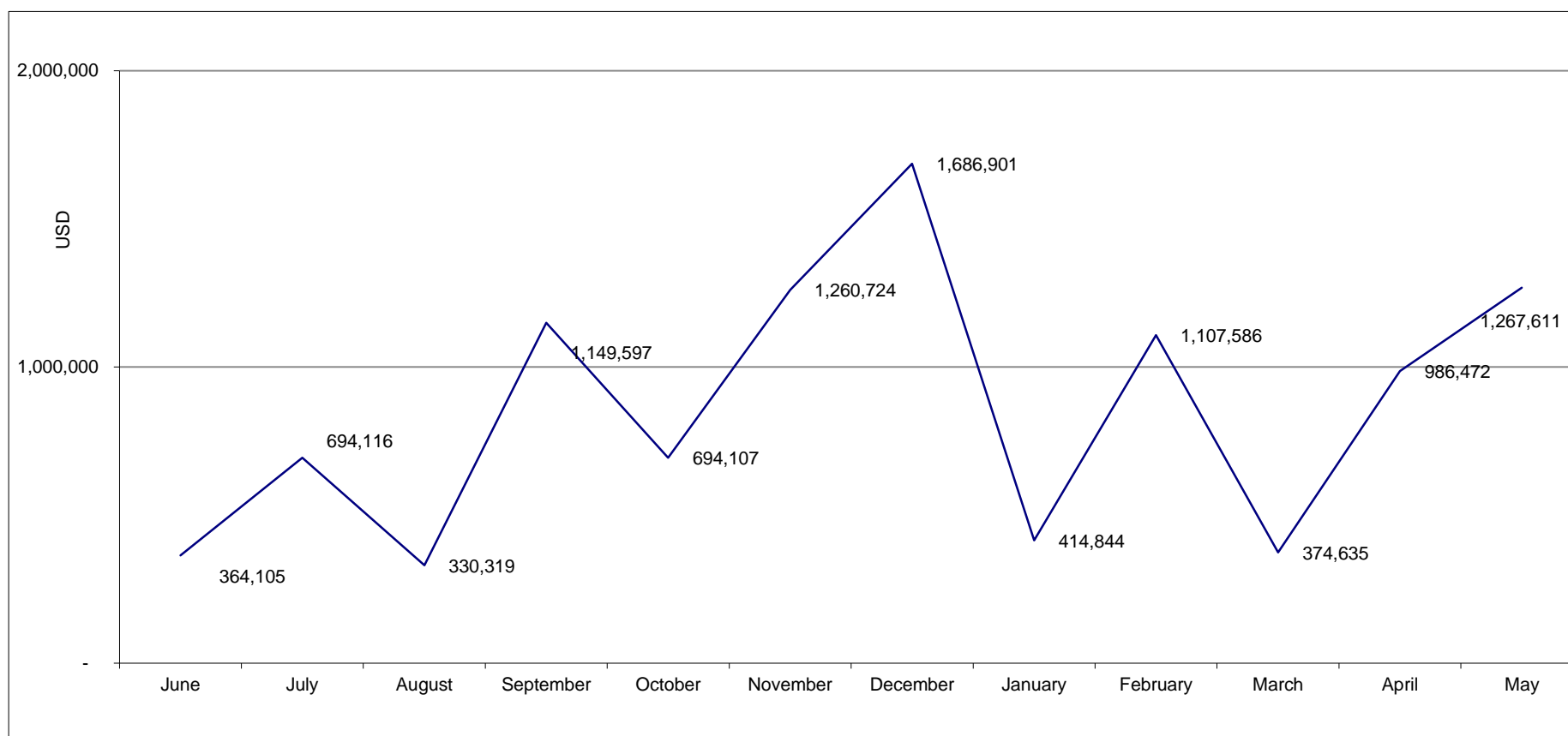
¹ The data presented in this report is subject to change as the financial period remains open at the time the report is being finalized.

² As per MAP 2015 (CDM-EB81-A01, section 4.1, para. 13).

3.1.1.1. Registration fees and shares of proceeds

63. Figure 5 below provides a monthly overview of the income received from the two major income streams, registration fees and SOP.

Figure 5. Monthly registration fees and share of proceeds – 1 June 2014 to 31 May 2015 (12-month period)



3.1.2. Expenditure

64. Table 4 below shows the expenditure incurred and the utilization rate for the reporting period.

Table 4. Comparison of budget and expenditure for the period from 1 January to 31 May 2015 (in United States dollars)

UN Object of Expenditure	Budget (Jan–Dec'15) a	Expenditure (Jan–May'15) b ⁽ⁿ⁾	Difference (a-b) c	% Rate expenditure vs. budget (b/a) d
Staff ^(a)	15 380 762	5 679 847	9 700 914	37%
Consultants ^(b)	219 203	92 349	126 854	42%
Experts fees ^(c)	442 800	205 700	237 100	46%
Experts travel ^(d)	439 588	131 932	307 656	30%
Travel of Representatives - EB ^(e)	1 131 841	321 662	810 179	28%
Travel of Representatives - DNA ^(f)	498 164	213 356	284 808	43%
Travel of Staff ^(g)	244 658	94 740	149 919	39%
Training ^(h)	161 464	63 043	98 421	39%
Operating Expenses ⁽ⁱ⁾	5 865 287	2 872 452	2 992 835	49%
Mobile Communications ^(j)	18 800	11 880	6 920	63%
Supplies and Material ^(k)	95 000	29 595	65 405	31%
Grants (EB) ^(l)	357 000	118 600	238 400	33%
Sub-total	24 854 567	9 835 155	15 019 412	40%
13% Programme Support ^(m)	3 231 094	1 088 339	2 142 754	34%
Total	28 085 661	10 923 494	17 162 166	39%

(a) Staff costs include Staff, General Temporary Assistance (GTA) and staff-related costs such as salaries, overtime payments, dependency allowance, education grant, rental subsidy, home leave travel, travel on appointment and separation, etc.;

(b) Consultants and individual contractor fees and travel costs;

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

(d) Expert travel refers to ticket costs and daily subsistence allowance (DSA) of panel and working group members;

(e) Travel of representatives - EB includes ticket costs, DSA, 40 per cent additional DSA for members/alternate members for meetings of the Board and the EB events at the UNFCCC sessions;

(f) Travel of representatives - DNA includes ticket cost and DSA for participants;

(g) Travel of staff includes ticket cost, DSA, terminal expenses and miscellaneous expenses;

(h) Training includes attendance or course fees, ticket costs and DSA;

(i) 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 2015, the SDM programme's share of TCO is estimated to be USD 1.7 million;

- (j) Official mobile telephone charges; this does not include the charges incurred on the regular office telephones (those are covered through TCO);
 - (k) Acquisition of hardware, supplies, software and subscriptions;
 - (l) Grants (EB) includes support to individual members/alternate members for: (i) secretarial/administrative support (temporary secretarial staff and related services, printing, stationery and consumable materials, telephone and internet costs, insurance to cover the loss or theft of laptops); and (ii) IT-related expenses (laptop and software, printers);
 - (m) 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;
 - (n) Expenditure includes obligations.
65. Expert fees amounts to 46 per cent of the projected 2015 budget for this object of expenditure which is slightly higher than the linear rate of expenditure (41.4 per cent) and reflects obligations that are booked but are not yet spent.
66. Expert travel amounts to 30 per cent of the projected 2015 budget for this object of expenditure. The lower expenditure rate against the linear rate of expenditure (41.4 per cent) reflects the fact that the meetings of the Accreditation Panel, Methodologies Panel (MP), Small-Scale Working Group (SSC WG) and Afforestation and Reforestation Working Group (A/R WG) are not equally distributed across the quarters of the year. One meeting for each of the AP, MP and SSC WG has taken place as at 31 May 2015.
67. Travel of Board representatives amounts to 28 per cent of the projected 2015 budget for this object of expenditure. The lower expenditure rate against the linear rate of expenditure (41.4 per cent) reflects the use of a budget calculation method which provides a lump sum per member and alternate member, regardless of from where the individuals that are elected to serve on the Board actually travel. Other reasons for lower than expected expenditure under this object of expenditure are: a current Board vacancy; the absence of some members/alternate members at meetings; and the proximity of several of the current members/alternate members to the meeting venue.
68. Operating Expenses amounts to 49 per cent of the projected 2015 budget for this object of expenditure. The higher expenditure rate against the linear rate of expenditure (41.4 per cent) reflects the higher-than-estimated operational costs of the CDM loan scheme. Additionally, operating expenses include the Total Cost of Ownership (TCO), with obligations to cover the full year. Expenditure is expected to align with original projections as the year progresses.
69. Mobile communications costs are 63 per cent of the projected 2015 budget for this object of expenditure. The higher expenditure rate against the linear rate of expenditure (41.4 per cent) reflects the telephony expenses that are 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.
70. Grants (EB) amounts to 33 per cent of the projected 2015 budget for this object of expenditure. The lower expenditure rate against the linear rate of expenditure (41.4 per cent) reflects declarations from Board members that are still in process.

Expenditure is therefore expected to align with the original projections as the year progresses.

Summary of financial position (income and expenditure status, as at 31 May 2015)

71. Table 5 below provides a breakdown of income and expenditure against the CDM Trust Fund as at 31 May 2015. The inclusion of the carry-over from 2014 gives a balance of just over USD 121 million.

Table 5. Income and expenditure status, as at 31 May 2015 (in United States dollars)

Carry-over figure from 2014 (A)	128 031 587
Income received in 2015	
Accreditation fees	22 500
Fees from the accreditation process	11 955
Registration fees	426 341
Methodology fees	3 000
Share of proceeds (SOP)	3 707 951
Sub-total – Income 1 January–31 May 2015 (B)	4 171 747
Current balance of 2014 carry-over and 2015 income (A + B)	132 203 334
Actual expenditure (C)	(10 923 494)
Balance available at 31 May 2015 (A+B-C)	121 279 840

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

4. Human resources

72. In September 2013, the SDM programme adopted a strategy of natural attrition in combination with a staff redeployment process to manage resources prudently during the period of market uncertainty. This allowed the programme to safeguard posts occupied, by reducing the SDM workforce due to employees leaving on their own accord.
73. Each vacated post in the SDM programme was assessed against business priorities and a decision was made to fill only posts identified as business-critical and to freeze all other posts. To every extent possible, posts deemed business-critical were filled from within the existing pool of the SDM human resources. In addition, staff members were redeployed from reduced areas of work to high areas of work.
74. As a result of this natural attrition and staff redeployment process, the SDM workforce was reduced from 162 staff members in September 2013 to 137 staff members as at 31 May 2015.
75. In May 2015, a new SDM human resources strategy was adopted, with the aim of taking a more proactive and strategic approach to planning human resources against identified functional areas of work. The purpose of the strategy is to ensure that the SDM programme appropriately manages its human resources from now until the end of 2023.
76. The strategy contains three components. First, it sets out the context for its development in the situation where the market and policy environment for the SDM programme remains very challenging. Second, it sets out the actions that have been taken so far and elaborates why further proactive actions are required if the programme is to meet

current and future challenges successfully. Third, it outlines the next steps in the process of developing a structure and a model to make the programme sustainable now and into the future.

77. In relation to the strategy, the programme has initiated the process of preparing a new organizational structure, based on the secretariat's organizational restructuring and staff redeployment process. The rightsizing of the programme is expected to be finalized by December 2015.

5. Conclusions and recommendations

78. The results of the mid-year review as at 31 May 2015 indicate that the MAP approved projects are delivering what is required in accordance with the agreed schedules, and within the MAP 2015 resource allocations. Since the MAP approval, there has been an additional 29 products/work items requested of the secretariat in the Board's rolling workplan (a 38 per cent increase).
79. The Board may take note of the status of the MAP 2015 as at 31 May 2015 and consider as appropriate the outcomes of the review to inform the draft CDM 2016–2017 business plan and the associated draft CDM 2016 management plan scheduled for presentation at EB 87.

Appendix. Operational activity volumes

1. Of the 54 operational activities, 38 have volumes associated with them (for example, number of cases, assessments, stakeholder queries, requests, etc.). Table 1 shows the volumes that were processed compared to what was projected for the reporting period of January to May 2015.

Table 1. Volume of operational activities – projected versus actual January to May 2015

MAP activity	Unit	Estimated annual volume in MAP (Jan-Dec)	*Projected (Jan-May)	Actual (Jan-May)
Performance assessments (validation)	Assessments	20	8	3
Performance assessments (verification)	Assessments	21	8	1
Regular surveillance	Assessments	20	8	5
Requests for initial accreditation	Requests	2	1	0
Requests for reaccreditation	Requests	4	2	0
Spot checks	Assessments	2	1	0
Entity administration	Entities	45	18	16
Entity assessment planning	Assessments	55	22	16
Handling of complaints and requests for revision	Activities	8	3	0
Managing Registry transactions	Transactions	2 255	902	1 336
Changes to modalities of communication	Transactions	3 145	1 258	983
CDM Info	Cases	540	216	256
DNA queries	Queries	36	14	0
Letters to the Board	Letters	120	48	7
A/R Working Group	Meetings	1	0	0
Accreditation Panel	Meetings	3	1	1
CCS Working Group	Meetings	1	0	0
Methodologies Panel	Meetings	3	1	1
Small-Scale Working Group	Meetings	3	1	1
Executive Board (including regulatory body committee (RBC))	Meetings	6	2	3
Payment of grants	Transactions	143	57	74
Requests for PoA issuance	Cases	40	16	5
Requests for project issuance	Cases	600	240	205
Processing of clarification requests	Cases	38	15	5

MAP activity	Unit	Estimated annual volume in MAP (Jan-Dec)	*Projected (Jan-May)	Actual (Jan-May)
Processing of requests for deviation	Cases	10	4	0
Processing of new submissions	Cases	6	2	2
Processing of revision requests	Cases	12	5	2
Evaluation of standardized baseline submissions	Cases	15	6	8
Requests for direct communication	Cases	20	8	9
Requests for PoA post-registration change (PRC)	Cases	21	8	1
Requests for PoA registration	Cases	40	16	5
Requests for project PRC	Cases	70	28	17
Requests for project registration	Cases	230	92	56
Requests for renewal of crediting period	Cases	50	20	17
Requests for review (registration)	Cases	20	8	1
Requests for review (Issuance)	Cases	20	8	1
PoA post-registration CPA inclusion requests	Cases	50	20	51

* Assuming a linear rate of assessments/cases/requests /transactions to be processed

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