

**CDM-EB92-A01-INFO**

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# CDM management plan 2017

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

| <b>TABLE OF CONTENTS</b>  | <b>Page</b> |
|---|-------------|
| <b>1. INTRODUCTION .....</b>  | <b>3</b>    |
| <b>2. APPROACH .....</b>  | <b>3</b>    |
| <b>3. ACTIVITIES, ESTIMATED VOLUMES AND RESOURCE REQUIREMENTS .....</b>   | <b>4</b>    |
| 3.1. Goal 1: Enable the implementation of mitigation activities and ensure<br>the trusted certification of their outcomes efficiently and transparently ..... | 6           |
| 3.2. Goal 2: Nurture policies to broaden demand for, and participation in,<br>the CDM.....  | 11          |
| 3.3. Other activities .....   | 12          |
| <b>4. PROGRAMME BUDGET .....</b>  | <b>14</b>   |
| 4.1. Income .....   | 14          |
| 4.2. 2017 budget.....   | 15          |
| <b>5. HUMAN RESOURCES .....</b>   | <b>20</b>   |

## 1. Introduction

1. This management plan (MAP) sets out the approach, activities and resource requirements to support the effective execution of the vision of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) and the defined goals and objectives for the CDM in 2017.<sup>1</sup> Section 2 sets out the approach that the Board intends to take, which has been informed through its ongoing strategic planning and stakeholder interactions. Section 3 links each of the Board's objectives to specific activities and projects, including estimated volumes and resource requirements. Sections 4 and 5 provide additional information on the programme budget and human resources, respectively.

## 2. Approach

2. The adoption of the Paris Agreement in December 2015 provides a new context for the CDM. While the CDM remains a Kyoto Protocol instrument, it is clear that the CDM can contribute significantly to early action before 2020. The CDM is not only recognized as the reference mechanism for evaluating and recognizing mitigation outcomes, but over the past 15 years (since its operationalization under the Marrakesh Accords) it has established itself as a major contributor to climate finance. However, with the current low levels of demand for certified emission reductions (CERs), many projects are not being implemented, and incentives for investment in the CDM have diminished. As a result, projects lie stranded and capacity has decreased drastically. At the same time, the need for global action and the evaluation and recognition of their impact has never been greater. The CDM can assist in the verification of mitigation action, including by being a vehicle for mobilizing finance to incentivize action.
3. Under the first goal of the CDM business plan for 2016–2017, “Enable the implementation of mitigation activities and ensure the trusted certification of their outcomes efficiently and transparently”, the Board intends to continue to focus its efforts on simplifying the CDM standards and streamlining its project cycle, with the aims of reducing the complexity for the user of the mechanism, making it more user-friendly, and enhancing its efficiency, while continuing to ensure its credibility. The underlying goal is to further improve 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 yet being responsive, and reducing the burden or transaction costs on stakeholders. The goal is also to make the different components of the CDM infrastructure relevant for different purposes.
4. Under the second goal of the business plan, “Nurture policies to broaden demand for, and participation in, the CDM”, the Board intends to focus on activities aimed at increasing the voluntary cancellation of CERs and the increased recognition and use of the CDM as a tool for evaluating and recognizing the impact of mitigation activities. Specific focus areas include: (a) continued operation and improvement of the voluntary cancellation platform (VC platform); (b) promotion of the VC platform to suppliers to ensure a high and

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<sup>1</sup> The goals and objectives agreed by the Board are included in Section 3 of the CDM two-year business plan 2016-2017 and management plan 2016 (CDM-EB87-A01-INFO) at:  
<[https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20160311063157080/Info\\_Note60.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20160311063157080/Info_Note60.pdf)>.

diversified supply of CERs on the VC platform; (c) cooperation with international business and sector organizations; (d) cooperation with the UN system and other international organizations; (e) online media and web presence; (f) development and implementation of a strategy and outreach plan to enhance the use of the VC platform among consumers and individuals; (g) cooperation with international financial institutions to promote the use of CDM as a tool in support of results-based financing, green bonds, etc.; and (h) providing information and analysis regarding how the CDM may support policy implementation, including closing the pre-2020 ambition gap.

### 3. Activities, estimated volumes and resource requirements

5. An overview of the resources allocated is provided in table 1. The allocation is broken down to show the resource allocation per objective, expressed as a percentage of the total allocation.

**Table 1. Indicative allocation of resources by objective**

| Objective | Title of objective  | Staff months | Staff cost (USD) | Non-staff cost (USD) | Total cost (USD) | % of resources |
|-----------|---|--------------|------------------|----------------------|------------------|----------------|
| 1(a)      | Operate efficient project and entity assessment processes   | 228.7        | 2 327 878        | 104 400              | 2 432 278        | 16%            |
| 1(b)      | Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism                  | 180.3        | 1 835 226        | 2 093 460            | 3 928 686        | 25%            |
| 1(c)      | Develop simplified and user-friendly standards and procedures that increase efficiency and environmental integrity of the mechanism | 192.5        | 1 959 404        | 635 900              | 2 595 304        | 17%            |

| Objective      | Title of objective  | Staff months | Staff cost (USD)                | Non-staff cost (USD) | Total cost (USD)                   | % of resources |
|----------------|---|--------------|---------------------------------|----------------------|------------------------------------|----------------|
| 2(a), (b), (c) | Facilitate the acceptance of CERs for compliance purposes;<br>Enhance the use of the CDM for voluntary purposes;<br>Further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance. | 104.0        | 1 058 590                       | 873 000              | 1 931 590                          | 12%            |
|                | Other activities (cross-cutting)  | 235.0        | 2 392 002                       | 1 705 372            | 4 097 374                          | 26%            |
|                | Currently unallocated resources <sup>(a)</sup>  | 56.7         | 577 133                         | –                    | 577 133                            | 4%             |
| <b>Total</b>   |   | <b>997.2</b> | <b>10 150 233<sup>(b)</sup></b> | <b>5 412 132</b>     | <b>15 562 365<sup>(b)(c)</sup></b> | <b>100%</b>    |

<sup>(a)</sup> The Board will, at its first meeting in 2017, in conjunction with adoption of its work plan, including new mandates from CMP, if any, consider the allocation of these currently unallocated resources. This consideration will include prioritizing the use of staff resources for delivery of activities over that of consultants or experts, where appropriate. Furthermore, the secretariat will continue to work with the Board in ensuring continued prudent management of resources.

<sup>(b)</sup> This figure differs by USD 233 dollars from that in Table 9. This is due to the rounding of figures under staff costs in Tables 2 through 6.

<sup>(c)</sup> This figure does not include Total Cost of Ownership (TCO) and the 13% Programme Support Costs (PSC) and GTAs.

- Tables 2 to 6 link specific activities and projects to the objectives as set out in the 2016–2017 business plan. The “staff months” column in each table provides an indication of the effort required to perform a particular activity or project.

### 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 | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|----------------------------|---|-------------------|--------------|-----------------------------|----------------------|-----------------------------|
| <b>CDM registry</b>        | Changes to modalities of communication and transactions   | 4800 transactions | 29.0         | 295 183                     | 7 000                | 302 183                     |
|                            | CDM registry reports  | 280 reports       | 2.5          | 25 447                      | —                    | 25 447                      |
|                            | Opening and maintaining voluntary cancellation platform seller accounts   | 70 accounts       | 1.5          | 15 268                      | —                    | 15 268                      |
| <b>Project assessments</b> | Requests for direct communication, renewal of crediting period and review<br>(Volume: 30 requests direct communication, 125 requests for renewal of crediting period, 30 requests for review) | 185 requests      | 22.0         | 223 932                     | 30 000               | 253 932                     |
|                            | Requests for programme of activities (PoA) issuance   | 60 requests       | 28.0         | 285 005                     | 1 200                | 286 205                     |
|                            | Requests for PoA post registration changes (PRC)  | 10 requests       | 3.5          | 35 626                      | —                    | 35 626                      |
|                            | Requests for PoA registration   | 25 requests       | 6.0          | 61 072                      | 1 200                | 62 272                      |
|                            | Requests for project issuance   | 700 requests      | 84.0         | 855 014                     | 15 000               | 870 014                     |

| Activity group            | Activity for MAP document   | Volume             | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|---------------------------|---|--------------------|--------------|-----------------------------|----------------------|-----------------------------|
|                           | Requests for project PRC  | 40 requests        | 7.5          | 76 341                      | —                    | 76 341                      |
|                           | Requests for project registration   | 125 requests       | 25.0         | 254 468                     | 10 000               | 264 468                     |
|                           | PoA post-registration component project activities (CPA) inclusion requests         | 130 CPA inclusions | 0.2          | 2 036                       | —                    | 2 036                       |
|                           | Sustainable development co-benefits, including reporting and promotional activities | 20 reports         | 3.5          | 35 626                      | —                    | 35 626                      |
| <b>Entity assessments</b> | Performance assessments (validation and verification)                               | 12 assessments     | 6.5          | 66 161                      | —                    | 66 161                      |
|                           | Regular surveillance and spot checks  | 17 assessments     | 3.5          | 35 626                      | —                    | 35 626                      |
|                           | Requests for initial and re-accreditation   | 11 requests        | 3.5          | 35 626                      | —                    | 35 626                      |
|                           | Calibrate assessment team leads   | —                  | 2.5          | 25 447                      | 40 000               | 65 447                      |
| <b>Total</b>              |   |                    | <b>228.7</b> | <b>2 327 878</b>            | <b>104 400</b>       | <b>2 432 278</b>            |

**Table 3. Objective 1(b): Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism**

| Activity group                                    | Activity for MAP document   | Volume           | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|---|---|------------------|--------------|-----------------------------|----------------------|-----------------------------|
| <b>Communications</b>                             | Media relations   | —                | 6.0          | 61 072                      | 85 000               | 146 072                     |
| <b>External queries</b>                           | Stakeholder communications  | 520 transactions | 14.0         | 142 502                     | —                    | 142 502                     |
| <b>Market and policy analysis</b>                 | Policy analysis and reports                                       | —                | 11.0         | 111 966                     | —                    | 111 966                     |
| <b>Secretariat interactions with stakeholders</b> | Calls for input and feedback to stakeholders                      | —                | 2.5          | 25 447                      | —                    | 25 447                      |
|   | Global DNA Forum  | 1 event          | 8.0          | 81 430                      | 443 100              | 524 530                     |
| <b>Servicing of panels/ working groups</b>        | Afforestation and Reforestation Working Group                     | 0 meeting        | 0.5          | 5 089                       | —                    | 5 089                       |
|   | Accreditation Panel   | 3 meetings       | 10.5         | 106 877                     | 97 200               | 204 077                     |
|   | Carbon Dioxide Capture and Storage Working Group                  | 0 meeting        | 0.5          | 5 089                       | —                    | 5 089                       |
|   | Methodologies Panel   | 3 meetings       | 13.0         | 132 324                     | 224 600              | 356 924                     |
|   | Roster of experts (CDM)   | —                | 6.0          | 61 072                      | —                    | 61 072                      |
|   | Small-scale Working Group   | 3 meetings       | 10.0         | 101 787                     | 116 300              | 218 087                     |
| <b>Servicing of regulatory body</b>               | Support to the Executive Board                                    | 5 meetings       | 75.8         | 771 549                     | 394 000              | 1 165 549                   |
|   | Additional benefits for members/alternates of the regulatory body | —                | 0.0          | —                           | 733 260              | 733 260                     |
|   | Entity administration   | 36 entities      | 9.0          | 91 609                      | —                    | 91 609                      |



| Activity group                         | Activity for MAP document                          | Volume         | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|--|--|----------------|--------------|-----------------------------|----------------------|-----------------------------|
| <b>Accreditation system</b>            | Entity assessment planning                         | 36 assessments | 5.0          | 50 894                      | —                    | 50 894                      |
|  | Entity performance monitoring system               | —              | 2.5          | 25 447                      | —                    | 25 447                      |
|  | Handling of complaints and requests for revisions  | —              | 1.0          | 10 179                      | —                    | 10 179                      |
| <b>Regulatory framework management</b> | Regulatory framework management                    | —              | 3.0          | 30 536                      | —                    | 30 536                      |
| <b>Regulatory policy improvement</b>   | <i>*Simplification and streamlining of the CDM</i> | —              | 2.0          | 20 357                      | —                    | 20 357                      |
| <b>Total</b>                           |  |                | <b>180.3</b> | <b>1 835 226</b>            | <b>2 093 460</b>     | <b>3 928 686</b>            |

(\*) Text in boldface 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 | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|----------------------|--|----------------|--------------|-----------------------------|----------------------|-----------------------------|
| <b>Methodologies</b> | Processing of requests for clarification, deviation, revision, new submissions and micro-scale additionality | 19 requests    | 9.0          | 91 609                      | 20 000               | 111 609                     |
|                      | Processing of standardized baselines   | 20 evaluations | 28.5         | 290 094                     | —                    | 290 094                     |
|                      | <i>* Further development of standardized baselines framework</i>   | —              | 13.5         | 137 412                     | 10 000               | 147 412                     |
|                      | <i>* Development of new methodologies to broaden the applicability of the CDM</i>                            | —              | 11.5         | 117 055                     | 10 000               | 127 055                     |
|                      | <i>* Simplification of methodologies</i>   | —              | 30.5         | 310 451                     | 7 500                | 317 951                     |

| Activity group     | Activity for MAP document                             | Volume                 | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|--------------------|---|------------------------|--------------|-----------------------------|----------------------|-----------------------------|
| <b>Partnership</b> | RCC operations  | 9 events/missions      | 24.0         | 244 289                     | 419 400              | 663 689                     |
|                    | RCCs-On-site support to projects                      | 214 supported projects | 59.0         | 600 545                     | 133 000              | 733 545                     |
|                    | RCC support to bottom-up standardized baselines (SBs) | 20 requests            | 16.5         | 167 949                     | 36 000               | 203 949                     |
| <b>Total</b>       |   |                        | <b>192.5</b> | <b>1 959 404</b>            | <b>635 900</b>       | <b>2 595 304</b>            |

(\*) Text in boldface 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 | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|---------------------|---|--------|--------------|-----------------------------|----------------------|-----------------------------|
| <b>Partnerships</b> | Partnerships and engagement activities  | —      | 31.0         | 315 541                     | 163 500              | 479 041                     |
|                     | Nairobi Framework coordination and regional activities with a specific focus on Africa, LDCs and SIDs | —      | 5.0          | 50 894                      | 150 000              | 200 894                     |
|                     | Support to stakeholders/capacity-building   | —      | 3.5          | 35 626                      | —                    | 35 626                      |
|                     | Public policy development   | —      | 10.0         | 101 788                     | —                    | 101 788                     |

| Activity group | Activity for MAP document  | Volume | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative total cost (USD) |
|----------------|--|--------|--------------|-----------------------------|----------------------|-----------------------------|
|                | Operation and further development of the voluntary cancellation platform | —      | 2.0          | 20 357                      | —                    | 20 357                      |
|                | Improvement of the CDM for partnerships                                  |        | 12.0         | 122 145                     | 50 000               | 172 145                     |
|                | Use of CDM in climate finance  | —      | 11.0         | 111 966                     | 133 000              | 244 966                     |
|                | <i>* Increasing the demand for CERs in the Aviation Sector</i>           | —      | 4.0          | 40 715                      | 15 000               | 55 715                      |
|                | <i>*Increasing voluntary cancellation of CERS</i>                        | —      | 25.5         | 259 558                     | 361 500              | 621 058                     |
| <b>Total</b>   |  | —      | <b>104</b>   | <b>1 058 590</b>            | <b>873 000</b>       | <b>1 931 590</b>            |

(\*) Text in boldface represents projects.

### 3.3. Other activities

Table 6. Cross-cutting activities

| Activity Group | Activity for MAP document                                 | Volume | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative cost (USD) | total   |
|----------------|---|--------|--------------|-----------------------------|----------------------|-----------------------|---------|
| Communications | Communications engagement and marketing                   | —      | 45.0         | 458 043                     | 210 000              |                       | 668 043 |
|                | <i>Improving the user friendliness of the CDM website</i> | —      | 1.0          | 10 179                      | —                    |                       | 10 179  |

| Activity Group          | Activity for MAP document   | Volume | Staff months | Indicative staff cost (USD) | Non-staff cost (USD) | Indicative cost (USD) | total |
|-------------------------|---|--------|--------------|-----------------------------|----------------------|-----------------------|-------|
| Internal administration | Human resources, skills development and learning                          | —      | 51.0         | 519 116                     | 158 500              | 677 616               |       |
|                         | Finance (including budget, expert payments, fee payments and procurement) | —      | 6.0          | 61 072                      | 15 000               | 76 072                |       |
|                         | Intra-secretariat engagement agreements (IT)                              | —      | 3.0          | 30 536                      | 1 118 072            | 1 148 608             |       |
|                         | Internal communications   | —      | 6.0          | 61 072                      | —                    | 61 072                |       |
|                         | Information, knowledge and records management                             | —      | 14.0         | 142 502                     | —                    | 142 502               |       |
|                         | Supplies and subscriptions  | —      | 1.0          | 10 179                      | 88 800               | 98 979                |       |
|                         | Travel management   | —      | 6.0          | 61 072                      | —                    | 61 072                |       |
|                         | Management and meetings   | —      | 48.5         | 493 669                     | 115 000              | 608 669               |       |
|                         | Planning, monitoring and reporting  | —      | 46.5         | 473 311                     | —                    | 473 311               |       |
|                         | Secretariat-wide responsibilities   | —      | 7.0          | 71 251                      | —                    | 71 251                |       |
|                         | * Currently unallocated resources   |        | 56.7         | 577 133                     |                      | 577 133               |       |
| <b>Total</b>            |   |        | <b>291.7</b> | <b>2 969 135</b>            | <b>1 705 372</b>     | <b>4 674 507</b>      |       |

(\*) The Board will, at its first meeting in 2017, in conjunction with adoption of its work plan, including new mandates from CMP, if any, consider the allocation of these currently unallocated resources. This consideration will include prioritizing the use of staff resources for delivery of activities over that of consultants or experts, where appropriate. Furthermore, the secretariat will continue to work with the Board in ensuring continued prudent management of resources.

## 4. Programme budget

7. The Sustainable Development Mechanisms (SDM) programme of work in support of the CDM for 2017 will continue to be funded from the accumulated fees and the share of proceeds.

### 4.1. Income

8. Table 7 below shows the balance brought forward from 2015 and the income received from 1 January to 30 September 2016.

**Table 7. Income received in 2016, including carry-over from 2015 (in USD)**

|   |                    |
|---|--------------------|
| <b>Carry-over figure from 2015 (A) <sup>(a)</sup></b>             | <b>109 382 561</b> |
| <b>Income received in 2016</b>                                    |                    |
| Accreditation fees  | 82 500             |
| Fees from the accreditation process                               | 27 412             |
| Registration fees <sup>(b)</sup>                                  | 1 800 917          |
| Methodology fees <sup>(c)</sup>                                   | 2 000              |
| Share of proceeds <sup>(d)</sup>                                  | 5 285 285          |
| <b>Sub-total – Income 1 January - 30 September 2016 (B)</b>       | <b>7 198 113</b>   |
|   |                    |
| <b>Current balance of 2015 carry-over and 2016 income (A + B)</b> | <b>116 580 675</b> |

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

<sup>(a)</sup> The carry-over balance presented in this table is not equivalent to the balance available at the 30 May 2016 documented in table 7. Section 3.1.1 of the 2016 Status of CDM MAP 2016 implementation (CDM-EB90-AA-A08). The difference is due to transactions processed between the date of issuance of the status of implementation report and the closure of 2015 accounts. The 2015 accounts are now closed.

<sup>(b)</sup> This fee is based on the average annual issuance of CERs over the first crediting period and is 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 pre-payment of the share of proceeds to cover administrative expenses.

<sup>(c)</sup> 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 pre-payment of share of proceeds.

<sup>(d)</sup> 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.

9. The total fees received as at 30 September 2016 amounted to USD 7.2 million (table 7), which is higher than the budgeted assumed zero income for 2016.

10. Under CDM rules, fees accrue to the secretariat when CERs are forwarded from pending accounts in the CDM registry. Thus, costs associated with projects that have received administrative services but have not completed the forwarding stage of the cycle cannot be recovered. As at 31 August 2016, CERs resting in pending accounts represented approximately USD 35.6 million in uncollected fees. Under the prevailing market conditions, the secretariat does not expect to receive the corresponding fees in 2016.
11. The total interest accrued in the CDM Trust Fund from prior years to the end of 2015 amounted to USD 9.9 million and is included in the carry-over and balance reported in table 7. The accrued interest is currently ear-marked to fund the loan scheme to support the development of CDM project activities in countries with fewer than ten such activities registered, in accordance with decision 3/CMP.6, paragraph 65.

#### 4.2. 2017 budget

12. The proposed budget for the one-year period (2017) of this MAP is USD 19.6 million, a slight decrease of USD 16.2 thousand (0.08 per cent) when compared to the 2016 budget.
13. Table 8 provides a summarized comparison of the approved budgets for 2013 through 2016, with the proposed budget for 2017.

**Table 8. Budget comparison 2013 to 2017**

| Budget               | 2013              | 2014              | 2015              | 2016              | 2017              |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Staff <sup>(a)</sup> | 19 063 306        | 17 867 510        | 15 380 763        | 10 170 000        | 10 400 000        |
| Non-Staff            | 19 320 402        | 15 048 769        | 12 704 897        | 9 448 431         | 9 202 259         |
| <b>Total</b>         | <b>38 383 708</b> | <b>32 916 279</b> | <b>28 085 660</b> | <b>19 618 431</b> | <b>19 602 259</b> |

<sup>(a)</sup> 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.

14. Table 9 shows the breakdown of the proposed budget by the different cost categories. The table provides comparisons of the proposed budget (column a), with the previous year's budget (column b), actual expenditure as at 30 September 2016 (column c) and projected expenditure for January to December 2016 (column d). It also shows, as a percentage, the difference between the proposed 2017 budget to the projected expenditure as at 31 December 2016 (column e).

**Table 9. Breakdown and comparison of the 2017 budget proposal and 2016 expenditure projections (United States dollars)**

| Cost category   | 2017 Budget<br>proposal<br>(a) | 2016 Approved<br>budget<br>(b) | Jan-Sep 2016<br>Expenditure<br>(c) | Jan-Dec 2016<br>Projected<br>expenditure<br>(d) | 2017 Budget<br>vs. 2016<br>projected<br>expenditures<br>(e) |
|---|--------------------------------|--------------------------------|------------------------------------|---|---|
| Staff costs <sup>(a)</sup>  | 10 100 000                     | 10 100 000                     | 7 277 839                          | 9 656 451                                       | 4.4%  |
| Staff related costs <sup>(a)</sup>                                    | 50 000                         | 50 000                         | 10 521                             | 20 521  | 59.0%   |
| General temporary assistance (GTA) <sup>(a)</sup>                     | 250 000                        | 20 000                         | 124 508                            | 186 786   | 25.3%   |
| Consultants <sup>(b)</sup>  | 614 500                        | 730 900                        | 256 938                            | 535 465   | 12.9%   |
| Experts <sup>(c)</sup>  | 316 200                        | 288 100                        | 120 909                            | 242 561   | 23.3%   |
| Expert travel <sup>(d)</sup>  | 225 000                        | 260 700                        | 195 774                            | 242 336   | -7.7%   |
| Travel of representatives – DNAs <sup>(e)</sup>                       | 400 800                        | 589 800                        | 151 982                            | 513 021   | -28.0%  |
| Travel of representatives – EB <sup>(f)</sup>                         | 513 760                        | 428 000                        | 411 147                            | 428 601   | 16.6%   |
| Travel of staff <sup>(g)</sup>  | 357 800                        | 291 300                        | 295 616                            | 305 714   | 14.6%   |
| Training <sup>(h)</sup>   | 20 000                         | 20 000                         | 16 986                             | 20 011  | -0.1%   |
| Operating expenses <sup>(i)</sup>                                     | 781 000                        | 691 000                        | 429 474                            | 573 460   | 26.6%   |
| RCC Operations <sup>(j)</sup>   | 588 400                        | 660 000                        | 316 482                            | 505 259   | 14.1%   |
| Total Cost of Ownership <sup>(k)</sup>                                | 1 535 000                      | 1 550 000                      | 1 123 907                          | 1 524 966                                       | 0.7%  |
| Engagement agreement (Information Technology Services) <sup>(l)</sup> | 1 118 072                      | 1 203 000                      | 533 243                            | 1 159 066                                       | -3.7%   |



| Cost category                           | 2017 Budget<br>proposal<br>(a) | 2016 Approved<br>budget<br>(b) | Jan-Sep 2016<br>Expenditure<br>(c) | Jan-Dec 2016<br>Projected<br>expenditure<br>(d) | 2017 Budget<br>vs. 2016<br>projected<br>expenditures<br>(e) |
|---|--------------------------------|--------------------------------|------------------------------------|---|---|
| Mobile telecommunication <sup>(m)</sup> | 18 800                         | 18 800                         | 7 291                              | 16 228  | 13.7%   |
| Supplies and materials <sup>(n)</sup>   | 81 300                         | 100 600                        | 52 440                             | 74 914  | 7.9%  |
| EB Grants <sup>(o)</sup>                | 376 500                        | 376 500                        | 362 665                            | 362 665   | 3.7%  |
| 13% Administration <sup>(p)</sup>       | 2 255 127                      | 2 239 731                      | 1 519 404                          | 2 127 843                                       | 5.6%  |
| <b>Total</b>                            | <b>19 602 259</b>              | <b>19 618 431</b>              | <b>13 207 126</b>                  | <b>18 495 868</b>                               | 5.6%  |

(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) Consultant costs include consultants and individual contractor fees and travel costs.

(c) Expert costs include panel and working group attendance fees and project assessment case fees (RIT).

(d) Expert travel includes ticket costs and daily subsistence allowance (DSA) of panel and working group members.

(e) Travel of representatives - DNAs includes ticket cost and DSA for participants.

(f) 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.

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

(h) Training costs include staff attendance or course fees, ticket costs and DSA.

(i) Operating expenses include rental of equipment, shipping and transport costs, maintenance costs and other logistics costs.

- (j) RCC operation costs include costs related to administering the RCCs, RCC staff missions, including travel and MSA costs, RCC Global Forum and Roundtable.
- (k) Total Cost of Ownership (TCO) - Service programmes in the secretariat (Information Systems (ITS), Conference Affairs (CAS) and Administrative Services (AS)) render services to all secretariat activities funded from both core and non-core sources of funding (such as the CDM trust fund). The purpose of Total cost of ownership (TCO) charges is to ensure the allocation of costs of these support services to the sources of funding to which they relate. In 2017, the TCO charge per capita of EUR 15,144 will be applied.
- (l) Engagement agreement (Information Technology Services) - Includes IT costs related to the support of 6 MAP projects and the maintenance of the operational IT infrastructure required to operate the CDM project activity cycle workflows (e.g. registry, project submission work flows etc.).
- (m) Official mobile telephone charges – This does not include the charges incurred on the regular office telephones which are covered through TCO.
- (n) Acquisition of hardware, supplies, software and subscriptions.
- (o) EB Grants 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).
- (p) 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 (Programme Support Costs - PSC).

15. The increase in GTA in the proposed 2017 budget, as compared to the 2016 budget, is based on 2016 experience, where the amount budgeted was insufficient due to the need to on-board short-term assistance to cover for staff entitlements such family, medical and special leave, and to manage sudden increases in case work during the year.
16. The decrease in the Consultants cost category in the proposed 2017 budget, as compared to the 2016 budget, reflects reduced consultancy requirements in the areas of the voluntary cancellation tool, quality management, staff training and development, and information and knowledge management.
17. The slight increase in Experts in the proposed 2017 budget, as compared to the 2016 budget, is based on a projected increase in project assessments, and accordingly in the number of review cases (registration and issuance).
18. The decrease in Expert Travel cost in the proposed 2017 budget, as compared to the 2016 budget, is based on 2016 experience and reflects the non-utilization of expert travel assigned to the budget lines of the sleeping panel and working groups (Afforestation Reforestation and Carbon Capture and Storage working groups) in 2016.
19. The decrease in the Travel of representatives – designated national authorities (DNAs) in the proposed 2017 budget reflects a reduced number of DNA funded participants.
20. The increase in the Travel of representatives – Executive Board in the proposed 2017 budget reflects adjustments for the 2016 actuals.
21. The slight increase in the Travel of staff cost category in the proposed 2017 budget, as compared to the 2016 budget, is based on travel associated with new projects relating to building partnerships and further promotion of the CDM.
22. As can be seen from table 10, current projections indicate that there are sufficient resources to continue funding a programme of work for the CDM to fulfil mandated responsibilities and sustain appropriate levels of operations for the period 2017 covered by this management plan.

**Table 10. Projected year end balances for the period 2017 – 2023**

|                       | 2016        | 2017        | 2018        | 2019        | 2020        | 2021       | 2022       | 2023       |
|-----------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|
| <b>Carryover(a)</b>   | 144 238 628 | 134 742 760 | 124 140 501 | 113 538 242 | 102 935 983 | 92 333 723 | 81 731 464 | 71 129 205 |
| <b>Income (b)</b>     | 9 000 000   | 9 000 000   | 9 000 000   | 9 000 000   | 9 000 000   | 9 000 000  | 9 000 000  | 9 000 000  |
| <b>Expenditure(c)</b> | 18 495 868  | 19 602 259  | 19 602 259  | 19 602 259  | 19 602 259  | 19 602 259 | 19 602 259 | 19 602 259 |
| Year-end Balance      | 134 742 760 | 124 140 501 | 113 538 242 | 102 935 983 | 92 333 723  | 81 731 464 | 71 129 205 | 60 526 946 |

(a) Carryover includes the reserve of USD 45 million but does not include the interest accumulated, that has been earmarked for the CDM loan scheme.

(b) USD 9 million income is the projected year-end income for 2016 and is used as the basis for the projected income until 2023.

(c) USD 18 495 868 is the projected expenditure for 2016. The 2017 budget of USD 19 602 259 is used as the basis for the projected expenditure until 2023.

## 5. Human resources

23. As of 30 September, there are 87 approved CDM posts. Currently, 86 are occupied by staff with fixed-term contracts; one post is under recruitment.

**Table 11. Sustainable Development Mechanisms programme, effective 22 September 2016**

| Sustainable Development Mechanisms programme     |  |                          |                        |
|--|--|--------------------------|------------------------|
| Units  |  | Number of approved posts | Number of filled posts |
| Office of Coordinator (OC)                       | The core responsibility of the OC is to provide overall strategic policy, technical and managerial direction to the work of the SDM programme.   | 1                        | 1                      |
| Process Management (PMT)                         | PMT is accountable for ensuring effective support to the Coordinator on matters relating to the proper governance of the regulatory bodies of the mechanisms (i.e. CDM and JI), ensuring well-coordinated services to the governing bodies, their supporting panels and working groups and those of the intergovernmental negotiating bodies, including the COP, CMP, and SBs. | 8                        | 8                      |
| Programme Support and Coordination (PSC)         | PSC is accountable for ensuring effective support to the Coordinator on matters relating to the overall management of the SDM programme, including financial, HR, information management and MAP development strategic activities.   | 11                       | 10                     |
| Regulatory Development Unit (RDU)                | The core responsibility of the RDU is the development and quality management of fit for purpose regulatory procedures and guidelines, standards and policies relevant to mitigation actions.   | 27                       | 27                     |
| Regulatory Implementation Unit (RIU)             | The core responsibility of the RIU is the provision of technical advice and support to the governing bodies of the mechanisms (i.e. EB and JISC) and all supporting panels and working groups in regards to whether project activities and/or DoEs/AIEs comply with the applicable regulations.  | 17                       | 17                     |
| Strategy and Relationship Management Unit (SRMU) | The SRMU is responsible for SDM's strategic support to the development of existing and new mechanisms, and its engagement with stakeholders, including by contributing to a positive external environment for the use of various tools and approaches.   | 19                       | 19                     |
| Legal Affairs (LA)                               | LA provides legal advice and support to the intergovernmental process on all issues relating to the operations of the mechanisms.  | 1                        | 1                      |

| Sustainable Development Mechanisms programme |   |           |           |
|--|---|-----------|-----------|
| Communication & Outreach                     | CO is responsible for strategic planning, development of communication and marketing strategies and implementation of large, complex, public information programmes that facilitates the understanding of the CDM process by different target groups, both external and internal. | 3         | 3         |
| <b>Total</b>                                 |   | <b>87</b> | <b>86</b> |

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### Document information

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