

CDM-EB112-A01-INFO

CDM two-year business and management plan 2022–2023

Version 02.0



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1. Introduction

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) considers that its role, within the guidance set by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), is to ensure that the CDM infrastructure remains a viable and effective tool for use by Parties to meet their objectives under the Kyoto Protocol, allows for the voluntary cancellation of certified emission reductions (CERs) by the public and private sectors, and mobilizes funds for adaptation purposes through its funding of the Adaptation Fund.
2. To this end, the Board actively promotes the contribution the CDM can make to help the world combat climate change and achieve the ultimate objective of the Convention. The present business plan sets out the Board's strategic direction for the CDM under two goals, each supported by a set of objectives for 2022 and 2023.
3. The goals reflect the desired outcomes for the CDM in 2022 and 2023. The objectives are intended to guide the work to be undertaken to achieve the Board's goals. The Board intends to prioritize and allocate resources, via a supporting two-year management plan (MAP) which defines the work and associated resource requirements for the Board and its support structure to achieve the goals and objectives of the business plan.

2. The current and evolving context

2.1. The current operational context

4. The Doha Amendment to the Kyoto Protocol entered into force just prior to the end of the Kyoto Protocol's second commitment period. This provides clarity to the Board on the need to ensure the full availability and operation of the CDM infrastructure to support the compliance cycle of this commitment period. At the same time, the postponement of the sixteenth session of the CMP (CMP 16) as a result of the ongoing COVID-19 pandemic has resulted in a lack of clarity on the operation of the mechanism with respect to emission reductions and removals that occur on or after 1 January 2021. The Board has adopted temporary measures for individual project submissions impacted by this lack of clarity and awaits further guidance from the CMP at CMP 16, scheduled for November 2021.
5. In almost 20 years of operation, the CDM has developed world-leading expertise in the development and implementation of greenhouse gas emission reduction and removal activities. This includes expertise in four core functional areas:
 - (a) In assessments, the CDM maintains and administers uniform procedures for registering activities that reduce emissions or enhance removals, issuing credits for such reductions or removals, and accrediting third-party verifiers;
 - (b) In standards, the CDM maintains the world's largest source of credible and internationally accepted standards for measuring, reporting and verifying emission reductions and removals, and these are also used by mechanisms and stakeholders outside of the CDM;
 - (c) In operations and infrastructure, the CDM has an established, transparent and trusted governance structure, a functional CER registry and a transparent repository of the status and description of all registered project activities and programmes of activities (PoAs); and

- (d) In stakeholder engagement, there are established fora for national authorities and accredited entities, structured engagement with project and programme participants, and a network of the CDM Regional Collaboration Centres (RCCs).
6. The United Nations Framework Convention on Climate Change (UNFCCC) secretariat also engages with stakeholders using the mechanism for purposes other than Kyoto Protocol compliance, including as offsetting for domestic emissions trading systems, carbon taxation systems, and voluntary cancellation.

2.2. The evolving external environment

- 7. Some of these established instruments, including the Colombian ETS and Carbon Tax, the EU ETS, the Korean ETS, the South African Carbon Tax and the Swiss ETS have been utilizing CERs as eligible offset units that emitters in these jurisdictions can use for their compliance with emissions reduction obligations under the instruments.
- 8. The Council of the ICAO has provided clarity on the eligibility of the CDM under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).
- 9. The CDM has mobilized a wider range of stakeholders to collectively invest in the delivery of thousands of mitigation activities across the globe, resulting in well over 2 billion tonnes of emission reductions.

3. Goals and objectives

- 10. The Board has agreed that the following two goals and supporting objectives are relevant for 2022 and 2023.

3.1. Goal 1: Ensure the full and efficient delivery of support to the true-up period of the second commitment period of the Kyoto Protocol

- 11. The core strength of the CDM is its capacity to drive the implementation of a broad range of mitigation activities through the verification of emission reductions and removals. The Board intends to maintain and further optimize core functional areas such as project and entity assessments, governance, and standard-setting, based on the experience gained through the registration of over 8,000 project activities and PoAs.
- 12. This goal intends to ensure that the full infrastructure of the mechanism is available to all stakeholders in delivering CERs for compliance for the Kyoto Protocol's second commitment period.
- 13. Under this goal, the following objectives have been identified:
 - (a) **Operate efficient project and entity assessment processes:** The Board intends to continue operating the project cycle and accreditation procedures and meet all prescribed timelines without compromising the quality of assessments;
 - (b) **Operate an effective regulatory framework:** The Board intends to continue its efforts to simplify relevant standards and procedures and to ensure that these are clear and easy to apply while ensuring environmental integrity.

3.2. Goal 2: Enable stakeholders to understand and adjust to the evolving operating environment taking into account decisions of CMP 16

14. CDM stakeholders need clarity and support in adjusting their engagement considering the evolving landscape for climate action and policy after CMP 16.
15. The Board and the secretariat will continue to support designated national authorities (DNAs) and project participants through the CDM RCCs, support for the Nairobi Framework Partnership and engagement with the Global DNA Forum.
16. Under this goal, the following objectives have been identified:
 - (a) **Engage with regulatory authorities using CERs for compliance purposes:** National authorities and international bodies have taken decisions outside the framework of the Kyoto Protocol to accept CERs for compliance purposes under their regimes. Under this goal the Board intends to engage with these stakeholders;
 - (b) **Engage with stakeholders using CERs for voluntary purposes:** The Board intends to engage with the wide variety of stakeholders applying the CDM as a tool for voluntary climate action, taking into account decisions of CMP 16.

4. Principles guiding the elaboration of the management plan

17. The Board recognizes the supervisory role it plays in ensuring that the CDM continues to strengthen its core functional components as an effective, credible and successful mechanism for mitigating climate change and driving sustainable development.
18. The CDM components include: tools for the measurement, reporting and verification of activity-level emission reductions and removals; methodologies that are widely recognized as international standards; an accreditation system for third-party validators/verifiers; a registry for issuing CERs and tracking their transfers; and a tested and proven approach to engaging non-Party stakeholders in emission reduction and removal activities through the CDM, including direct access to offsetting for the public through the voluntary cancellation platform.
19. The Board remains committed to prudent management and the careful monitoring of expenditure under the Trust Fund for the CDM in order to ensure the efficient use of resources to allow for the continued operation of the CDM until the end of the true-up period of the second commitment period under the Kyoto Protocol.
20. As such, the principles guiding the elaboration of this MAP include:
 - (a) Safeguarding of the financial resources of the CDM and ensures that there is no financial constraint in operating the CDM through to the end of the true-up period of the second commitment period (2023);
 - (b) Ensuring that the needs of the CDM and the expectations of the Parties regarding the CDM are met in an effective and cost-efficient way; and
 - (c) Allow for the essential skills and expertise to be retained by the secretariat for use under any future mechanism.

21. The MAP defines the work and associated resource requirements needed by the secretariat to implement the Board's strategy and to support the Board in its efforts to continue to maintain the CDM to best serve the needs of its users.

Appendix. Management plan

1. Introduction

1. This management plan (MAP) sets out the activities and resource requirements to support the 2022 and 2023 goals and objectives of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board).

2. Activities, estimated volumes and resource requirements

2. As shown in Table 1, the budgets covered by this MAP is USD 15.3 million for 2022 (column d) and 14 million for 2023 (column e). These figures represent:
 - (a) Compared to 2020, a 14.9 per cent decrease in 2022 and a 22.1 per cent decrease in 2023; and
 - (b) Compared to 2021, a 5.5 per cent decrease in 2022 and a 13.6 per cent decrease in 2023.
3. In 2022 and 2023, the staff count is 14 per cent and 22 per cent lower, respectively (columns h and i), compared to 2021. While staff head count is lower, staff costs only show a slight decrease of 1 per cent and 9.5 per cent, respectively; this is due to increases in: (i) statutory costs; (ii) after service health insurance accruals; and (iii) currency exchange rates.

Table 1. Overview of 2022 and 2023 budgets and comparison with 2020 and 2021

Budget (a)	2020 (b)	2021 (c)	2022 (d)	2023 (e)	2022 % change compared to 2020 (f)	2023 % change compared to 2020 (g)	2022 % change compared to 2021 (h)	2023 % change compared to 2021 (i)
Staff (head count)	85	78	67	61	-21.2%	-28.2%	-14.1%	-21.8%
Staff costs ^(a)	10 469 682	9 489 307	9 388 000	8 592 000	-10.3%	-17.9%	-1.1%	-9.5%
Non-Staff costs (incl. TCO and PSC) ^(b)	7 522 991	6 724 169	5 928,362	5 416 154	-21.2%	-28%	-11.8%	-19.5%
Total	17 992 673	16 213 476	15 316 362	14 008 154	-14.9%	-22.1%	-5.5%	-13.6%

(a) Staff costs include: Staff, General Temporary Assistance and related costs such as salaries, overtime payments, dependency allowance, education grant, rental subsidy, home leave travel, travel on appointment and separation, after service health insurance costs, etc.

(b) Non-staff costs include: TCO and the 13 per cent Programme Support Costs (PSC).

4. An overview of the resources allocated by objective for 2022 and 2023 is provided in table 2.
5. The table shows the resource allocation per objective per year, expressed as a percentage of the total allocation. The table shows an estimated resource need of 726 person months (about 67 staff equivalents) in 2022 and 662 person months (about 61 staff equivalents) in 2023 to deliver the activities and projects.
6. In planning human resource utilization and deployment, the secretariat bases estimated human resource requirements on previous years' data for activities covered by the MAP. The reduction in person months in 2022 and 2023 also reflects expected efficiency gains in conducting certain activities and processes.

Table 2. Allocation of resources by objective

Objective	Title of objective	Person months 2022	Person months 2023	Non-staff cost 2022 (USD)	Non-staff cost 2023 (USD)	% of resources 2022	% of resources 2023
1 (a)	Operate efficient project and entity assessment processes	188.6	179.9	69 200	65 690	20.2%	21.1%
1 (b)	Operate an effective regulatory framework	252.1	220.0	1 170 775	1 054 575	35.6%	34.4%
2 (a)	Engage with regulatory authorities using CERs for compliance purposes	45.3	38.7	422 300	376 900	8.1%	7.7%
2 (b)	Engage with stakeholders using CERs for voluntary purposes	50.4	47.8	171 248	161 118	6.6%	6.9%
	Cross-cutting activities including communications, RCC operations, etc. and internal administration	189.9	175.9	1 209 780	1 120 314	29.5%	29.9%
Total		726.4	662.2	3 043 303	2 778 597	100%	100%

Notes: This table excludes Total Cost of Ownership and the 13 per cent programme support costs.

7. Tables 3 to 7 link specific activities and projects to the objectives as set out in the business plan. The 'person-months' column in each table provide an indication of the effort required to perform an activity.

2.1. Goal 1: Ensure the full and efficient delivery of support to the true-up period of the second commitment period of the Kyoto Protocol

Table 3. Objective 1(a): Operate efficient project and entity assessment processes

Activity group	Activity for management plan document	Units	Volume		Person-months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
CDM Registry	Changes to modalities of communication and transactions	Transactions	8 500	9 380	35.2	36.0	–	–
	CDM Registry reports	Reports	400	400	2.4	2.3	–	–
	Opening and maintaining voluntary cancellation platform seller accounts	Accounts	90	95	4.1	4.1	–	–
Project assessments	Requests for direct communication, renewal of crediting period, and review ^(a)	Requests	40	40	5.0	4.7	15 000	15 000
	Requests for programme of activity (PoA) issuance covering component project activities (CPAs)	Requests	125	125	56.0	53.1	–	–
	Requests for PoA post-registration change (PRC)	Requests	75	75	25.2	23.9	–	–
	Requests for PoA registration	Requests	–	–	–	–	–	–
	Requests for project activity issuance	Requests	300	300	38.0	36.0	13 500	13 500
	Requests for project activity PRC	Requests	20	20	3.6	3.5	–	–
	Requests for project activity registration	Requests	–	–	–	–	–	–
	PoA post-registration CPA inclusion	CPA inclusions	–	–	–	–	–	–

Activity group	Activity for management plan document	Units	Volume		Person-months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
	Sustainable development co-benefits including reporting and promotional activities	Reports	5	5	0.3	0.3	–	–
Entity assessments	Performance assessments (validation and verification)	Assessments	11	10	9.6	8.2	–	–
	Regular surveillance and spot checks	Assessments	13	7	3.7	2.1	–	–
	Requests for initial and re-accreditation	Requests	7	8	1.7	2.2	–	–
	Calibrate assessment team leads	Workshop	1	1	2.4	2.3	24 500	24 500
	DOE Calibration Workshop	Workshop	1	1	1.4	1.4	16 200	12 690
	Total		–	–	188.6	179.9	69 200	65 690

(a) The volume for 'requests for renewal of crediting period' is estimated to be zero; the volume for 'requests for review' is estimated to be 15.

Table 4. Objective 1(b): Operate an effective regulatory framework

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
Servicing of panels/working groups	Accreditation Panel	Meetings	3	2	10.1	6.4	51 850	26 500 ^(a)
	Methodologies Panel	Meetings	3	2	17.3	10.9	159 500	79 750 ^(a)
	Roster of experts (CDM)	Notes related to selection of experts	2	0	1.9	0.0	–	–
Servicing of regulatory body	Support to the Executive Board	Meetings	4	4	56.8	53.9	252 500	241 400 ^(a)
	Additional benefits for members/alternates of the regulatory body		–	–	–	–	570 900	570 900
	Entity administration	Entities	32	32	7.7	7.3	–	–

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
Accreditation system	Entity assessment planning	Assessments	34	27	4.5	3.4	–	–
	Entity performance monitoring system	System	1	1	2.4	2.3	–	–
	Handling of complaints and requests for review	Reports	1	1	1.0	0.9	–	–
Methodologies	Processing of submitted standardized baselines	Evaluation of submissions	14	14	18.5	17.5	5 250	5 250
	Processing of requests for clarification, deviation and revision, and new submissions	Requests	28	28	20.0	19.0	5 250	5 250
	Methodological requests from the Board	Requests	27	27	26.3	26.4	5 250	5 250
	Proj. 256: Digitalization of methodologies	Project	–	–	2.9	0.0	–	–
	Modularization of the existing methodologies ^(b)	Project	–	–	0.6	0.0	–	–
	Enhanced clarity and consistency of CDM methodologies ^(b)	Project	–	–	2.9	0.0	–	–
Partnerships	Support to stakeholders/capacity-building (DOEs)	Interactions	11	11	3.1	3.0	–	–
	RCC on-site support to projects	Supported projects	165	160	43.3	39.8	93 375	93 375
	RCC support to bottom-up standardized baselines	Requests	15	13	19.1	15.7	26 900	26 900
Registration & issuance (R&I) system	R&I system support	Tasks	1 760	1 850	10.0	10.0	–	–
		Amendments	3	3	3.8	3.6	–	–

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
Regulatory framework management	Regulatory framework management (i.e. procedures, standards, forms, glossary, guidelines, checklists)	Classification and indexing of official documents	105	105				
	Total		–	–	252.1	220.0	1 170 775	1 054 575

- (a) The estimated reductions in meeting costs primarily result from reduced staff travel and some meetings being held virtually.
- (b) These are new projects. For the project on the Modularization of the existing methodologies, 0.6 person month allocated to prepare a concept note for the Board's consideration no later than the second meeting of 2022.

2.2. Goal 2: Enable stakeholders to understand and adjust to the evolving operating environment taking into account decisions of CMP 16

Table 5. Objective 2(a): Engage with regulatory authorities using certified emission reductions for compliance purposes

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
External queries	Stakeholder communications	Transactions	520	520	12.2	11.6	–	–
Market and policy analysis	Policy analysis and reports	Reports	2	1	4.8	2.3	23 100	17 400
Secretariat interactions with stakeholders	Calls for input and feedback to stakeholders	Transactions and reports	31	31	2.2	2.1	–	–
	Global and regional designated national authority (DNA) forums	Events	3	3	7.9	7.5	289 800	258 700
Partnerships	Nairobi framework coordination and regional activities with a specific focus on Africa, least	Coordination meetings and regional activities	6	6	15.4	12.6	109 400	100 800

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
	developed countries (LDCs) and small island developing states (SIDS)							
	Public policy development	Countries engaged	3	3	2.9	2.7	–	–
	Total		–	–	45.3	38.7	422 300	376 900

Table 6. Objective 2 (b): Engage with stakeholders using certified emission reductions for voluntary purposes

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
Partnerships	Operation and further development of the voluntary cancellation platform		–	–	6.7	6.4	16 000	16 000
	Use of CERs in carbon finance		–	–	10.1	9.6	72 248	67 118
	Engaging with stakeholders on voluntary cancellation of CERs	Suppliers and users of CERs	500	500	33.6	31.9	83 000	78 000
	Total		–	–	50.4	47.8	171 248	161 118

2.3. Other activities

Table 7. Cross-cutting activities

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
Communications	Communications engagement and marketing	Products	27	27	21.2	20.1	60 000	55 000
	Media relations	Media contacts	8	8	1.9	1.8	22 000	18 000
Partnerships	RCC operations	Regional centres	6	6	19.2	18.2	241 000	176 000
	Engagement to support CDM	Missions	8	7	24.0	22.8	16 200	10 800
Internal administration	Human resources, skill development and learning	Products, reports, contracts managed	306	278	31.0	28.1	56 480	53 564
	Finance (including budget, expert payments, fee payments and procurement)	Reports and procurement	292	265	5.2	4.7	21 100	20 700
	Intra-secretariat information technology engagement agreement	Agreements/ portfolios managed	1	1	0.5	0.5	733 000	733 000
	Internal communications	Products	39	35	1.7	1.6	–	–

Activity group	Activity for management plan document	Units	Volume		Person months		Non-staff cost (USD)	
			2022	2023	2022	2023	2022	2023
	Information, knowledge and records management	Terabytes of CDM electronic files managed	2	2	16.6	15.9	–	–
		Products prepared or processed	274	257				
	Supplies and subscriptions	Products and subscriptions	22	21	1.0	1.0	60 000	53 250
	Travel management	Travel cases	550	499	5.2	4.7	–	–
	Planning, monitoring and reporting (including business plan and management plan development and mid-year and end-year reporting, data management, status reports, maintenance of effort tracking system)	Reports	12	12	37.7	35.1	–	–
	Secretariat-wide responsibilities		–	–	3.0	2.0	–	–
	Management and meetings		–	–	12.8	10.5	–	–
	Total		–	–	189.9	175.9	1 209 780	1 120 314

3. Programme budget

8. The Mitigation Division programme of work in 2022 and 2023 will continue to be funded from the accumulated fees and the share of proceeds (SOP). Projections assume a USD 9 million income for each year.

3.1. Income

9. Table 8 below shows the balance brought forward from 2020 and the income received in the period from 1 January to 30 June 2021.

Table 8. Income received in 2021 as at 30 June 2021, including carry-over from 2020 (in USD)

Carry-over figure from 2020 (A)	75 227 870
Income received in 2021	
Accreditation fees	46 538
Fees from the accreditation process	14 563
Registration fees^(a)	10 723
Share of proceeds (SOP)^(b)	7 848 184
Sub-total – Income 1 January – 30 June 2021 (B)	7 920 007
Current balance of 2020 carry-over and 2021 income (A + B)	83 147 877

Note: USD 45 million held in reserve (45th meeting of the Executive Board, 2009) is not included in the above figures.

^(a) This fee is based on the average annual issuance of certified emission reductions (CERs) over the first crediting period and is calculated as an SOP 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 and those hosted by least developed countries 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 SOP to cover administrative expenses.

^(b) The SOP, 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.

10. The total fees received as at 30 June 2021 amounted to USD 7.9 million (see table 8). This is 88 per cent of the projected income of the USD 9 million for 2021.¹ As such, by year end, actual income will likely exceed the projection.
11. CERs held in the CDM Registry at the end of June 2021 amounted to 397.5 million. The secretariat has already performed all related tasks (with the exception of forwarding) for the corresponding issuance requests. SOP for administration due on CERs held in the pending account of the CDM Registry amounted to USD 53.8 million at the end of the reporting period. This is a decrease of USD 7.1 million in comparison to August 2018, when the outstanding SOP for administration peaked at USD 60.9 million. The decrease is mainly a consequence of the rules approved by the Board in 2018 for partial payment of SOP on already approved issuances and upfront payment of SOP on issuances submitted after 1 June 2018.²

¹ MAP 2017, document CDM-EB92-A01-INFO, table 10.

² USD 5.47 million in partial payment, the remainder up to USD 7.1 million generated by the full payment of CERs issued before 1 June 2018.

3.2. 2022 and 2023 budgets

12. The budgets covered by this MAP is USD 15.3 million for 2022 and USD 14 million for 2023. The 2022 budget shows a 5.5 per cent decrease compared to 2021 and the 2023 budget shows a 13.6 per cent decrease compared to 2021.
13. Table 9 provides a summarized comparison of the approved budgets for 2020 and 2021 with the budgets for 2022 and 2023.

Table 9. Comparison: 2020 to 2023 (USD)

Budget	2020	2021	2022	2023
Staff costs ^(a)	10 469 682	9 489 307	9 388 000	8 592 000
Non-Staff costs (incl. TCO and PSC)	7 522 991	6 724 169	5 928 362	5 416 154
Total	17 992 673	16 213 476	15 316 362	14 008 154

^(a) Staff costs include Staff, General Temporary Assistance and related costs such as salaries, overtime payments, dependency allowance, education grant, rental subsidy, home leave travel, travel on appointment and separation, after service health insurance costs, etc.

14. Table 10 shows the breakdown of the budgets by the different cost categories and compares them against the 2021 approved budget.
15. Table 11 shows the breakdown of the budgets by the different cost categories and compares the budgets for 2022 (column a) and 2023 (column b) with the previous year's budget (column c), the 2021 consumed budget as at 30 June 2021 (column d) and the projected expenditure for the period January to December 2021 (column e). The table also includes, as a percentage, the rate of increase or decrease between the 2022 (column f) and 2023 (column g) budgets against the projected expenditure of the 2021 budget as at 31 December 2021 (column e).

Table 10. Breakdown and comparison of the 2022 and 2023 budgets and 2021 approved budget (United States dollars)

Cost category	Budget 2022	Budget 2023	Approved budget 2021	2022 budget against 2021 budget (%)	2023 budget against 2021 budget (%)
Staff costs ^(a)	9 388 000	8 592 000	9 489 307	–1.1%	–9.5%
Consultants ^(b)	201 095	201 095	233 475	–13.9%	–13.9%
Experts ^(c)	125 400	77 000	138 400	–9.4%	–44.4%
Expert travel ^(d)	130 000	76 500	187 800	–30.8%	–59.3%
Travel of representatives ^(e)	279 236	258 636	396 095	–29.5%	–34.7%
Travel of representatives – Executive Board (EB) ^(f)	326 700	326 700	326 700	0.0%	0.0%
Travel of staff ^(g)	198 020	134 080	263 960	–25.0%	–49.2%
Training ^(h)	14 580	11 664	16 200	–10.0%	–28.0%
Operating expenses ⁽ⁱ⁾	264 996	261 796	434 455	–39.0%	–39.7%
Regional Collaboration Centres (RCCs) Operations ^(j)	361 275	296 275	439 900	–17.9%	–32.6%
Total Cost of Ownership (TCO) ^(k)	1 123 000	1 026 000	1 242 978	–9.7%	–17.5%
Engagement agreement (Information technology) ^(l)	733 000	733 000	753 659	–2.7%	–2.7%
Mobile telecommunication ^(m)	5 000	3 750	6 480	–22.8%	–42.1%
Supplies and materials ⁽ⁿ⁾	59 000	53 100	68 800	–14.2%	–22.8%
EB Grants ^(o)	345 000	345 000	350 000	–1.4%	–1.4%
13% programme support costs ^(p)	1 762 059	1 611 558	1 865 267	–5.5%	–13.6%
Total	15 316 362	14 008 154	16 213 476	–5.5%	–13.6%

Table 11. Breakdown and comparison of the 2022 and 2023 budgets and 2021 expenditure projections (United States dollars)

Cost category	2022 Budget	2023 Budget	2021 Approved budget	Jan-June 2021 expenditure ^(q)	Jan-Dec 2021 Projected expenditure	Budget 2022 vs. projected expenditure 2021	Budget 2023 vs. projected expenditure 2021
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Staff costs ^(a)	9 388 000	8 592 000	9 489 307	5 183 327	10 366 655	–9.4%	–17.1%
Consultants ^(b)	201 095	201 095	233 475	118 862	232 400	–13.5%	–13.5%
Experts ^(c)	125 400	77 000	138 400	97 800	195 600	–35.9%	–60.6%
Expert travel ^(d)	130 000	76 500	187 800	—	—	n/a	n/a
Travel of representatives ^(e)	279 236	258 636	396 095	- 28 746	—	n/a	n/a
Travel of representatives – Executive Board (EB) ^(f)	326 700	326 700	326 700	—	36 000	807.5%	807.5%
Travel of staff ^(g)	198 020	134 080	263 960	—	28 000	607.2%	378.9%
Training ^(h)	14 580	11 664	16 200	9 722	16 200	–10.0%	–28.0%
Operating expenses ⁽ⁱ⁾	264 996	261 796	434 455	212 964	425 928	–37.8%	–38.5%
Regional Collaboration Centres (RCCs) Operations ^(j)	361 275	296 275	439 900	266 284	439 900	–17.9%	–32.6%
Total Cost of Ownership ^(k)	1 123 000	1 026 000	1 242 978	556 473	1 112 945	0.9%	–7.8%
Engagement agreement (Information technology) ^(l)	733 000	733 000	753 659	703 945	753 659	–2.7%	–2.7%
Mobile telecommunication ^(m)	5 000	3 750	6 480	4 526	6 480	–22.8%	–42.1%
Supplies and materials ⁽ⁿ⁾	59 000	53 100	68 800	724	24 000	145.8%	121.3%
EB grants ^(o)	345 000	345 000	350 000	294 900	345 000	0.0%	0.0%
13% programme support costs ^(p)	1 762 059	1 611 558	1 865 267	964 702	1 817 760	–3.1%	–11.3%
Total	15 316 362	14 008 154	16 213 476	8 385 483	15 800 527	–3.1%	–11.3%

- (a) Staff costs include Staff, General Temporary Assistance and related costs such as salaries, overtime payments, dependency allowance, education grant, rental subsidy, home leave travel, travel on appointment and separation, etc. The reduced number of posts has a higher total cost in 2022 and 2023 than in 2021. This is due to new standard costs being applied to staff cost calculations. The approved standard costs used in staff cost calculations are in EUR; thus, changes in the EUR/USD exchange rate affect calculations. In addition, standard costs are a proxy; staff within a grade can have different “steps”, impacting salary costs. Finally, after service health insurance costs were estimated at 3 per cent for the for the 2020 and 2021 budgets. However, after the budget was approved, this number was revised to 6 per cent by the United Nations Department of Management Strategy, Policy and Compliance.
- (b) Consultant costs include consultants and individual contractor fees and travel costs.
- (c) Expert costs include panel and working group attendance fees and case fees.
- (d) Expert travel includes ticket costs and daily subsistence allowance (DSA) of panel and working group members.
- (e) Travel of representatives – includes ticket cost and DSA for participants in the clean development mechanism (CDM) meetings and workshops, including the Designated National Authorities Forum (DNA Forum). The negative amount results from commitments/obligations that were cancelled in 2020, as well as no travel to meetings in 2021.
- (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 United Nations Framework Convention on Climate Change (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, consultant costs for training, 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 mission subsistence allowance costs) and the RCC Global Forum and RCC Roundtable.
- (k) TCO – Service programmes in the secretariat (Information and Communication Technology, Conference Affairs and Administrative Services) render services to all secretariat activities funded from both core and non-core sources of funding (such as the Trust Fund for the CDM). The purpose of TCO charges is to ensure the allocation of costs of these support services to the sources of funding to which they relate. In 2022 and 2023, the TCO charge per capita of EUR 13,500 will be applied.
- (l) Engagement agreement (Information Technology) – Includes IT costs related to the support the management plan (MAP) projects and activities and the maintenance of the operational IT infrastructure required to operate the CDM Information System (CDM-IS).
- (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. As there were no meetings outside Bonn in 2021, there was no procurement of supplies.

- (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).
- (q) Includes obligations.

16. The secretariat applies the United Nations rules governing salaries and employee benefits. The salary and common costs for staff on fixed-term contracts are calculated using standard rates for each grade. The United Nations Framework Convention on Climate Change rates are determined based on a historical analysis of a set of staff cost parameters such as pay scales and employee benefits. This resulted in a change in standard salary staff rates for all levels. The staff count in the budgets has been reduced, as compared to the 2021 budget. The staff cost figures for the budgets do not, however, reflect the true reduction. This is due to increases in statutory costs (e.g. step increases and related higher salary costs such as pension and medical contributions), after service health insurance accruals, and currency exchange rates.
17. The Consultants cost category in the budgets is indicative. As per the secretariat's ongoing human resource strategy, priority is given to ensuring the full use of available staff resources over consultants or temporary hires and allows for the flexible use of the Mitigation Division work force.
18. Expert costs include the costs of experts who provide technical input to the Board and its support structure. The decrease of the Expert costs category in the budgets, as compared to the 2021 budget, reflects an expected reduction in the use of experts to assist the Board in considering requests for registration or issuance, providing technical input to the Methodologies Panel and/or providing services to the Accreditation Panel.
19. The Travel of representatives cost category in the budgets reflects efficiency gains in strategic event planning whereby meetings are held back to back and participants benefit from attending both meetings, including the potential for some meetings to be held virtually.
20. The decrease in the Travel of staff cost category budgets, as compared to the 2021 budget, reflects continued efforts to increase virtual participation of staff for meetings outside of Bonn and reduce the number of staff assigned to a mission.
21. The decrease in the Operating expenses cost category in the budgets, as compared to the 2021 budget, reflects reductions in logistics costs as a result of strategic event planning, whereby meetings are held back-to-back and make use of in-kind contributions (for example, use of venue space or other logistical services at no charge) through strategic partnerships.
22. The decrease in the RCC Operations cost category in the budgets, as compared to the 2021 budget, reflects changes to the staff human resource deployment policy.
23. The decrease in the IT engagement agreement cost category in the budgets, as compared to the 2021 budget, reflects cost-efficiency gains and the prudent management of resources across the information technology systems and support maintenance.
24. The decrease in mobile telecommunication costs in the budgets, as compared to the 2021 budget, reflects the reduction in staff who require mobile telecommunication services.
25. As can be seen in table 12, current financial 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 two-year period covered by this business plan and associated MAP.

Table 12. Projected carryover and year-end balances for the period 2021 to 2023 (USD)

	2021	2022	2023
Carryover ^(a)	120 227 870	114 427 343	108 110 982
Income	10 000 000 ^(b)	9 000 000 ^(c)	9 000 000 ^(c)
Expenditure	15 800 527	15 316 362	14 008 154
Projected year-end balance	114 427 343	108 110 982	103 102 827

(a) Carryover includes the reserve of USD 45 million.

(b) For 2021, projected income is updated from USD 9 million to USD 10 million. As of 31 July 2021, USD 10 265 595 million has been received.

(c) In 2022 and 2023, income is projected to be USD 9 million per year.

4. Human resources

4.1. Allocating resources

26. A total of 67 posts are included in the MAP for 2022 and 61 posts are included for 2023 as compared to 85 posts in 2020 and 78 posts in 2021.
27. The MAP estimates a resource need of 726.4 person months (about 67 staff equivalents) in 2022 and 662.2 person months (about 61 staff equivalents) in 2023 to deliver the activities and projects. The percentage of resources allocated to activities may be reviewed by the Board at its future meetings in 2022 and 2023 to take into account the mid-year reviews and relevant decisions of the CMP on the CDM.
28. The secretariat prudently manages and monitors resource allocations against priority areas of work to ensure the full utilization of available staff in delivering high quality products on time.
29. All human resources will be used to deliver on the CDM-MAP activities and projects, as well as other tasks for which the Mitigation Division is responsible.³ In addition, interns, fellows and junior professional officers periodically work with the secretariat to support the work of the Division.

4.2. Ensuring the continued prudent management of resources

30. The secretariat will ensure efficient and optimal human resource use by assessing the need for specific posts at the time that posts become vacant. As a principle, preference will be given to allowing for natural attrition and either redistributing required tasks of the posts or delivering tasks through other means.
31. As part of the planning of resource utilization and deployment, priority will be given to ensuring the full use of available staff resources over consultants or temporary hires, taking into account the expertise required and the optimal use of staff-related expertise versus external resource use.

³ The Mitigation Division has a skilled and flexible workforce comprised of staff under different funding sources, including core budget, Trust Fund for Supplementary Activities (including joint implementation), the Trust Fund for the CDM and the 13 per cent programme support costs.

- 32. Additionally, in efforts to prudently manage resources and bring new skills and experience into the secretariat, interns, fellows and junior professional officers will continue to support the work on the implementation of the CDM MAP in accordance with United Nations rules and regulations.
- 33. The secretariat has in place a system for managing a roster of external expertise to assist with its project assessment-related activities in support of the CDM. The roster allows for the improved management of unforeseen peak workloads, as well as for the reallocation of staff resources to priority areas of work when necessary.

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
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