

CDM-EB104-A01-INFO

CDM two-year business and management plan 2020–2021

Version 01.0



United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS	Page
1. INTRODUCTION	3
2. THE CURRENT AND EVOLVING CONTEXT	3
2.1. The current operational context	3
2.2. The evolving external environment	4
3. GOALS AND OBJECTIVES	5
3.1. Goal 1: Enable the efficient and transparent implementation of mitigation activities to ensure the trusted certification of their outcomes	5
3.2. Goal 2: Nurture the demand for, and participation in, the CDM	5
4. PRINCIPLES GUIDING THE ELABORATION OF THE MANAGEMENT PLAN.....	6
APPENDIX. MANAGEMENT PLAN	8

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, 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 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 the period 2020–2021.
3. The goals reflect the desired outcomes for the CDM in the 2020-2021 biennium. 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), to activities that support the achievement of the goals and objectives. The MAP 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 CDM is the largest offset mechanism in the world. At 31 July 2019, a total of 7,808 projects in 99 countries and 322 programmes of activities (PoAs) in 82 countries have been registered since 2004, and over 2 billion CERs have been issued.
5. With over 15 years of operation, the CDM has world-leading expertise in the development and implementation of greenhouse gas emission reduction activities. This includes expertise in three core functional areas:
 - (a) In assessments, the CDM maintains and administers uniform procedures for registering activities that reduce or remove emissions, 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 regulatory management, the CDM has an established, transparent and trusted governance structure, a functional emissions registry and a transparent repository of the status and description of all projects and programmes.
6. There are 31 designated operational entities (DOEs) at present. In 2019 (as at 31 July), 1 DOE was accredited and 3 re-accreditation assessments for DOEs were under process against the 2019 forecasted volume of 4 requests (2 for initial accreditation and 2 for re-accreditation). In the next biennium, 2 DOEs are due for reaccreditation assessments in

2020, and 11 are due for reaccreditation assessments in 2021. For the MAP 2020–2021, it is assumed that the number of DOEs will remain at 31.

7. As at 31 July 2019, 895,854 CERs have been cancelled using the voluntary cancellation platform (VC platform) by 5,375 purchasers from 99 different countries since September 2015. Between 1 January to 31 July 2019, the number of CERs cancelled by companies and organizations has increased by 48 per cent and the number of CERs cancelled by individuals has increased by 275 per cent as compared to the same seven-month period in 2018.¹
8. Interest in voluntary cancellation and corporate carbon neutrality is increasing. There is an increasing interest among governments and the private sector to use market-based mechanisms, including the CDM, as a means of attaining carbon neutrality and promoting sustainable development benefits. While this share of the market has been historically small relative to the compliance market, it is growing. As at 31 July 2019, the CDM Registry has facilitated the voluntary cancellation of over 44.6 million CERs.

2.2. The evolving external environment

9. An increasing number of subnational and national governments as well as international organizations are utilizing carbon-pricing instruments to address the reduction of greenhouse gas emissions in their jurisdictions. Emissions trading systems (ETS) have been established and are operational in countries including: Canada, regions in China, Europe, New Zealand, the Republic of Korea, Switzerland and the United States of America. Carbon tax schemes have also been established and are operating in Chile, Colombia, Mexico, Singapore and South Africa.
10. 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 obligations under the instruments.
11. In addition, carbon-pricing instruments are under development at the national level in China, Indonesia, Mexico and Thailand, and international organizations such as the International Civil Aviation Organization and the International Maritime Organization are also considering such instruments (i.e. the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)). The CDM is one of the potential offset providers to such schemes.
12. Currently the operations under the CDM continue according to rules agreed under the Kyoto Protocol. The Doha Amendment to the Kyoto Protocol was adopted at the eighteenth session of the Conference of the Parties in 2012, but the ratification of the amendment is still short of allowing the amendment to come into force. As of 11 September 2019, 131 Parties have deposited their instruments of acceptance of the Doha Amendment to the Kyoto Protocol. An entry into force of the Doha Amendment, that fully operationalizes the second commitment period of the Kyoto Protocol (2013–2020), requires 13 more instruments of acceptance.

¹ Regular reports on the United Nations platform for voluntary cancellation of certified emission reductions are available at <<https://cdm.unfccc.int/EB/report/>>.

13. The CDM, as a tool for the identification of mitigation opportunities, generation of climate finance and evaluation of mitigation outcomes, can continue to contribute to the international response to climate change. It can also be considered as part of whatever Parties choose to build to facilitate cooperation and development under the Paris Agreement.

3. Goals and objectives

14. The Board has agreed that the following two goals and supporting objectives are relevant for the period 2020–2021.

3.1. Goal 1: Enable the efficient and transparent implementation of mitigation activities to ensure the trusted certification of their outcomes

15. The core strength of the CDM is its capacity to drive the implementation of a broad range of mitigation activities through the evaluation 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 experience gained through the implementation of over 8,000 projects and PoAs.
16. This goal intends to build upon and continue the work of the Board to improve the credibility, transparency, user-friendliness, environmental integrity and consistency of the CDM. This goal also allows for the development of innovative ways to increase the scale of mitigation activities that can be addressed through the CDM. These include considering how emission sources can be targeted through the CDM, how greater use of standardization can reduce transaction costs and how the use of the CDM can further contribute to reductions in global emissions.
17. Under this goal, the following objectives have been identified:
 - (a) **Operate efficient project and entity assessment processes:** The Board intends to fully implement the project cycle and accreditation procedures and meet all prescribed timelines without compromising the quality of assessments;
 - (b) **Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism:** The Board intends to continue its past efforts to simplify relevant standards and procedures;
 - (c) **Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity:** The Board intends, inter alia, to further the work on the development of simplified CDM methodologies and standardized baselines, while maintaining environmental integrity; continue the development of digitized project and programme design document forms for CDM project activities and programme of activities; and continue to explore possibilities for reducing the transaction costs of monitoring by expanding the use of tiered approaches, offering a choice between conservative default values and direct measurements.

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

18. This goal intends to build upon and continue the work of the Board in recent years to position the CDM as a reliable source of trusted emission reductions. This goal encourages the use of the CDM and its CERs for compliance and voluntary purposes;

increasing the use of voluntary cancellations and enhancing the contribution of the CDM to sustainable development.

19. There is potential of the CDM to contribute to mitigation and sustainable development, both as a stand-alone mechanism and as a means to support other collaborative measures by Parties and non-Party stakeholders. The Board seeks to further strengthen the CDM in realizing this greater potential of the CDM and ensuring that the knowledge and lessons learned from the “learning-by-doing” of the CDM is shared as broadly as possible.
20. The Board and the secretariat will continue to support designated national authorities (DNAs) and project participants in underrepresented countries and sectors, including by: supporting projects and conducting regional training events through the CDM Regional Collaboration Centres, supporting the Nairobi Framework Partnership and engaging with the Global DNA Forum. These are additional to the work of the Board in developing new approaches under the CDM that are particularly well-suited to underrepresented countries, including the development of standardized baselines, programmes of activities, specific methodologies and tools, positive lists of technologies, the incorporation of suppressed demand, and other tools that the market demands.
21. Under this goal, the following objectives have been identified:
 - (a) **Facilitate the acceptance of CERs for compliance purposes:** In addition to the use of CERs by Parties to the Kyoto Protocol, the Board intends to nurture existing relationships and strategic partnerships;
 - (b) **Enhance the use of the CDM for voluntary purposes:** The Board intends, inter alia, to continue to broaden the strategy for achieving greater offsetting or mitigation by public and private entities;
 - (c) **Further develop the CDM as a tool for monitoring, reporting and verifying the outcomes of mitigation finance:** The Board intends to continue to further improve the CDM as well as the links between it and other components of the evolving international response to climate change.

4. Principles guiding the elaboration of the management plan

22. The Board recognizes the supervisory role it must play in ensuring that the CDM continues to strengthen its core functional components so that the CDM remains an effective, credible and successful mechanism for mitigating climate change and driving sustainable development.
23. The CDM components include: tools for the measurement, reporting and verification of activity-level emissions and reductions; methodologies that are widely recognized as international standards; an accreditation system for third-party validators/verifiers; a registry for issuing credits and tracking their transfers; and a tested and proven approach to engaging non-Party stakeholders in emission reduction activities through the CDM, including direct access to offsetting for the public through the VC platform.
24. 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 continuation of the CDM until the end of the true-up period of the second commitment period under the Kyoto Protocol.

25. As such, the principles guiding the elaboration of the 2020–2021 MAP include:
- (a) A biennium budget that allows for the safeguarding of the financial resources of the CDM and ensure 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) Ensure that the needs of the CDM and the expectations of the Parties regarding the CDM are met in an effective and cost-efficient way;
 - (c) Ensure that the CDM remains an effective tool used by Parties to mitigate climate change and drive sustainable development; and,
 - (d) Allow for the essential skills and expertise to be retained by the secretariat for use under any future mechanism to avoid offboarding/onboarding costs to the optimum.
26. 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 so as to best serve the needs of its users.

Appendix. Management plan

1. Introduction

1. This management plan (MAP) sets out the approach, activities and resource requirements to support the 2020–2021 goals and objectives of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board). Section 2 sets out the approach that the Board intends to take, which has been informed through its ongoing strategic planning exercise and stakeholder interactions. Section 3 links each of the Board's objectives to specific activities, including estimated volumes and resource requirements. Sections 4 and 5 provide additional information on the programme budget and human resources, respectively.

2. Approach

2. The Board acknowledges the challenges facing the CDM. The CDM has, since its operationalization under the Marrakesh Accords, established itself as a major contributor to climate finance. However, current low levels of demand for certified emission reductions (CERs) mean that fewer projects are coming through the CDM, as incentives for investment in the CDM have shrunk.
3. Under the first goal of the CDM business plan for 2020–2021, “Enable the efficient and transparent implementation of mitigation activities to ensure the trusted certification of their outcomes”, the Board will monitor the operation of the CDM and ensure that the CDM regulatory documents (“CDM project standard”, “CDM validation and verification standard” and “CDM project cycle procedure”), as well as the information system (workflows) for processing requests for registration, issuance, etc., are clear, avoid ambiguity and complexity and allow for full participation in and compliance with the mechanism in an efficient manner. This effort is aimed at further improving the mechanism in order to strengthen its value to, and use among, existing and new stakeholders, while preserving its environmental integrity, maintaining the stability of the regulatory apparatus, and reducing the burden or transaction costs on stakeholders.
4. Under the second goal of the business plan, “Nurture the 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 policy implementation. Specific focus areas include (a) continued operation and improvement of the voluntary cancellation platform (VC platform); (b) the promotion of the VC platform to suppliers to ensure a high and diversified supply of CERs on the VC platform; (c) cooperation with international business and sector organizations; (d) cooperation and engagement with the United Nations system and other international organizations; (e) enhanced online media and web presence; (f) development and implementation of a strategy and outreach plan to enhance the use of the VC platform among consumer-facing organizations and individuals in sectors such as sports, meetings, fashion, travel and tourism; (g) cooperation with international financial institutions to promote the use of the CDM as a tool in support of results-based financing, green bonds, etc.; (h) provision of information and analyses regarding how the CDM may support policy implementation, including closing the pre-2020 ambition gap; and (i) outreach and engagement through partnership with service providers using innovative tools such as gamification, climate neutral credit cards, and climate neutral travel services as ways to both increase climate

awareness and encourage climate action, including through voluntary cancellation of CERs.

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 per year, expressed as a percentage of the total allocation.
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. However, adjustments are made during the year based on fluctuations in workloads across the activities and projects and new mandates received from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Board.

Table 1. Indicative allocation of resources by objective (2020–2021) ^(a)

Objective	Title of objective	Person months 2020	Person months 2021*	Non-staff cost 2020 (USD)	Non-staff cost 2021 (USD)*	% of resources 2020 ^(c)	% of resources 2021* ^(c)
1 (a)	Operate efficient project and entity assessment processes	265.0	231.6	116 000	101 000	22%	20%
1 (b)	Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanisms	176.8	173.0	1 669 350	1 580 000	25%	27%
1 (c)	Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity	66.7	66.2	12 500	12 500	5%	6%
2 (a-c)	Facilitate the acceptance of certified emission reductions for compliance purposes; enhance the use of the clean development mechanism (CDM) for voluntary purposes; further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance	232.6	215.3	1 095 450	949 885	26%	25%
	Cross-cutting activities including; communications, information technology, finance, planning, monitoring and reporting	175.0	174.0	1 194 759	972 539	22%	22%
Total		916.1 ^(b)	860.1 ^(b)	4 088 059	3 615 924	100%	100%

^(a) This table does not include Total Cost of Ownership (TCO) and the 13% programme support costs (PSC).

^(b) The 2020 budget includes 85 posts. The 2021 budget includes 78 posts. The MAP 2020–2021 identifies an estimated resource need of 916 person months (about 85 staff equivalents) in 2020 and 860 person months (about 80 staff equivalents) in 2021 to deliver the proposed activities and projects. It should be noted that each year, experience has shown that estimates of necessary resources for specific activities and projects are under or overestimated, and priorities change, requiring adjustments to be made. The Sustainable Development Mechanism programme has a skilled and flexible workforce comprised of 94 staff posts (as at 31 July, 2019), consisting of staff funded through the CDM (87 posts), Joint Implementation (4 posts), core United Nations Framework Convention on Climate Change budget (2 posts), and the Special Account for programme support costs (1 post). These resources are used to deliver on the management plan activities and projects, as well as other tasks for which SDM is responsible.

- (c) Resource allocation per objective per year of the total allocation. The allocation does not reflect an increase or decrease of resources against prior year.
- * For 2021, the person months, the non-staff costs and the percentage of resources are tentative and will be subject for the Board to review during the mid-year in 2020 also to take into account relevant decisions of the CMP on the CDM.

Table 2. Indicative allocation of resources (2018-2021) ^(a)

Objective	Title of objective	% of resources 2018	% of resources 2019	% of resources 2020	% of resources 2021*
1 (a)	Operate efficient project and entity assessment processes	17%	18%	22%	20%
1 (b)	Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanisms	25%	27%	25%	27%
1 (c)	Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity	6%	5%	5%	6%
2 (a-c)	Facilitate the acceptance of certified emission reductions for compliance purposes; enhance the use of the clean development mechanism (CDM) for voluntary purposes; further develop the CDM as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance	26%	24%	26%	25%
	Cross-cutting activities including communications, information technology, finance, planning, monitoring and reporting	26%	26%	22%	22%
Total		100%	100%	100%	100%

- (a) Resource allocation per objective per year of the total allocation. The allocation does not reflect an increase or decrease of resources against prior year.
- * For 2021, the percentage of resources are tentative and will be subject for the Board to review during the mid-year in 2020 also to take into account relevant decisions of the CMP on the CDM.

7. Tables 3 to 7 link specific activities and projects to the objectives as set out in the 2020–2021 business plan. The ‘person months’ column in each table provides an indication of the effort required to perform a particular activity.

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

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

Activity group	Activity for management plan document	Volume		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
CDM Registry	Changes to modalities of communication and requests for registry transactions	10 100 transactions	10 700 transactions	50.4	51.4	4 000	3 500
	CDM Registry reports	400 reports	400 reports	2.5	2.5	--	--
	Opening and maintaining voluntary cancellation platform seller accounts	80 accounts	90 accounts	3.8	4.2	--	--
Project assessments	Requests for direct communication, renewal of crediting period, and reviews	482 requests	233 requests	58.0	28.5	50 000	40 000
	Requests for programme of activities (POA) issuance covering component project activities (CPAs)	110 requests	90 requests	51.3	42.0	--	--

Activity group	Activity for management plan document	Volume		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
	Requests for POA post-registration changes (PRC)	55 requests	55 requests	19.3	19.3	--	--
	*Requests for POA registration	20 requests	20 requests	4.8	4.8	--	--
	Requests for project issuance	350 requests	350 requests	46.2	46.2	15 000	15 000
	Requests for project PRC	20 requests	20 requests	3.8	3.8	--	--
	*Requests for project registration	20 requests	20 requests	4.4	4.4	--	--
	*POA post-registration CPA inclusion requests	200 CPA inclusions	200 CPA inclusions	0.5	0.5	--	--
	Sustainable development co-benefits including reporting and promotional activities	10 reports	10 reports	0.5	0.5	--	--
Entity assessments	Performance assessments (validation and verification)	10 assessments	14 assessments	9.4	13.5	--	--
	Regular surveillance and spot checks	24 assessments	13 assessments	5.5	3.0	--	--
	Requests for initial and re-accreditation	2 requests	11 requests	0.6	3.0	--	--

Activity group	Activity for management plan document	Volume		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
	Calibrate assessment team leads	1 workshop	1 workshop	2.5	2.5	27 000	24 500
	Designated operational entity calibration workshop	1 workshop	1 workshop	1.5	1.5	20 000	18 000
Total				265.0	231.6	116 000	101 000

* For 2021, the activities, volumes, person months and the non-staff costs are tentative and will be subject for the Board to review during the mid-year in 2020 also to take into account relevant decisions of the CMP on the CDM.

Table 4. Objective 1(b): Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism

Activity group	Activity for management plan document	Volumes		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
Communications	Media relations	12 media contacts	12 media contacts	3.0	3.0	60 000	54 000
External queries	Stakeholder communications	400 transactions	400 transactions	9.8	9.8	--	--
Market and policy analysis	Policy analysis and reports	4 reports	4 reports	10.0	10.0	35 000	29 000
Secretariat interactions with stakeholders	Calls for input and feedback to stakeholders	40 call for inputs; 1 annual report	40 call for inputs; 1 annual report	2.6	2.6	--	--

Activity group	Activity for management plan document	Volumes		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
	Global and regional designated national authority (DNA) forums	4 events	4 events	11.0	11.0	394 400	387 200
Servicing of panels/working groups	Accreditation Panel	3 meetings	3 meetings	10.5	10.5	74 650	70 350
	Methodologies Panel	3 meetings	3 meetings	18.0	18.0	206 600	195 550
	Roster of experts (clean development mechanism)	2 notes related to selection of experts	2 notes related to selection of experts	2.0	2.0	--	--
Servicing of regulatory body	Support to the Executive Board	4 meetings	4 meetings	59.2	59.2	282 700	254 500
	Additional benefits for members/alternate members of the regulatory body	--	--	--	--	601 000	575 900
Accreditation system	Entity administration	31 entities	31 entities	7.8	7.8	15 000	13 500
	Entity assessment planning	35 assessments	38 assessments	4.8	5.2	--	--
	Entity performance monitoring system	1 system	1 system	2.5	2.5	--	--
	Handling of complaints and requests for review	1 report	1 report	1.0	1.0	--	--

Activity group	Activity for management plan document	Volumes		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
Registration & issuance system	R&I system support	3 055 tasks	2 432 tasks	18.1	14.4	--	--
Regulatory framework management	Maintenance of the regulatory framework (i.e. forms, glossary, guidelines, checklists)	12 amendments	12 amendments	16.0	16.0	--	--
	PNA2020-01 Revision of the regulatory framework (VVS, PS, PCP) to allow for the road testing of the digitized methodology (ACM0002)	1 concept note		0.5 ^(a)	--	--	--
Total				176.8	173.0	1 669 350	1 580 000

^(a) 0.5 person month allocated to prepare a concept note for the Board's consideration at the mid-year of the first year (2020) of the management plan implementation.

Table 5. Objective 1(c): Develop simplified and user-friendly standards and procedures that increase efficiency and ensure environmental integrity

Activity group	Activity for management plan document	Volume		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
Methodologies	*Processing of requests for clarification, deviation, revision and new submissions	30 requests	30 requests	22.0	22.0	--	--
	*Processing of submitted standardized baselines	17 evaluations	17 evaluations	24.2	24.2	--	--
	PROJ256 Digitization of methodologies for web-based generation of project design documents and monitoring templates	1 concept note	--	0.5 ^(b)	--	--	--
	Response to methodological requests from the Board ^(a)	30 requests	30 requests	20.0	20.0	12 500	12 500
Total				66.7	66.2	12 500	12 500

* For 2021, the activities, volumes, person months and the non-staff costs are tentative and will be subject for the Board to review during the mid-year in 2020 also to take into account relevant decisions of the CMP on the CDM.

^(a) This activity is not a new activity but is being placed under a separate code in the secretariat's effort tracking system (ETS) to better track person month resources assigned to this area of work in 2020-2021.

^(b) 0.5 person month allocated to prepare a concept note for revising Project 256, for the Board's consideration at the mid-year of the first year (2020) of the management plan implementation. The Project 256 titled, Digitization of methodologies for web-based generation of project design documents and monitoring templates, as approved in the CDM two-year business and management plan 2018-2019, continues until closure.

3.2. Goal 2: Nurture demand for, and participation in, the clean development mechanism

Table 6. Objective 2(a): Facilitate the acceptance of certified emission reductions for compliance purposes; Objective 2(b): Enhance the use of the clean development mechanism for voluntary purposes; Objective 2(c): Further develop the clean development mechanism as a key tool for monitoring, reporting and verifying the outcomes of mitigation finance

Activity group	Activity for management plan document	Volume		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
Partnerships	Partnerships and engagement activities	8 missions	7 missions	25.0	25.0	20 000	18 000
	*Nairobi Framework Partnership coordination and regional activities with a specific focus on Africa, least developed countries and small island developing States	2 coordination meetings; 4 regional activities	2 coordination meetings; 4 regional activities	16.0	16.0	150 000	135 000
	Support to stakeholders/capacity building (designated operational entities)	12 interactions	12 interactions	3.5	3.5	--	--
	Public policy development	15 countries engaged	15 countries engaged	15.0	15.0	--	--
	*Operation and further development of the voluntary cancellation platform (VC platform)	--	--	4.0	4.0	--	--

Activity group	Activity for management plan document	Volume		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
	*Improvement of the clean development mechanism (CDM) to make it attractive for result based finance	--	--	12.0	12.0	--	--
	Use of CDM in climate finance	--	--	10.5	10.5	169 650	152 685
	PPROJ2019-01 <i>Overview of the CDM regulatory development: how the CDM regulations have changed over the years since and lessons learned</i>	1 report	--	7.0	--	--	--
	*Nurturing demand for CDM and voluntary cancellation of CERs	4450 organizations/individuals cancel on VC platform	5000 organizations/individuals cancel on VC platform	35.0	35.0	227 000	204 300
	*RCC operations	6 RCCs	6 RCCs	22.0	20.0	367 800	295 000
	*RCCs– on-site support to projects	210 supported projects	189 supported projects	57.4	51.7	125 000	112 500
	*RCCs– support to bottom-up standardized baselines	19 requests	17 requests	25.2	22.7	36 000	32 400
Total				232.6	215.6	1 095 450	949 885

* For 2021, the activities, volumes, person months and the non-staff costs are tentative and will be subject for the Board to review during the mid-year in 2020 also to take into account relevant decisions of the CMP on the CDM.

3.3. Other activities

Table 7. Cross-cutting activities

Activity group	Activity for management plan document	Volumes		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
Communications	Communications engagement and marketing	24 communication products	24 communication products	24.5	24.5	60 000	55 000
Internal administration	Human resources, skills development and learning	115 contracts managed	102 contracts managed	37.0	36.0	80 400	73 300
	Finance (including budget, expert payments, fee payments and procurement)	25 reports; 315 procurements	25 reports; 315 procurements	6.0	6.0	23 500	21 100
	Intra-secretariat information technology (IT) engagement agreement	1 agreement development; 1 portfolio managed	1 agreement development; 1 portfolio managed	0.5	0.5	953 659	753 659
	Internal communications	40 communication products	40 communication products	2.0	2.0	--	--
	Information, knowledge and records management	2 terabytes of clean development mechanism (CDM) electronic files	2 terabytes of CDM electronic files	17.9	17.9	--	--
	Supplies and subscriptions	10 subscriptions	9 subscriptions	1.0	1.0	77 200	69 480

Activity group	Activity for management plan document	Volumes		Person months		Non-staff cost (USD)	
		2020	2021	2020	2021	2020	2021
	Travel management	640 travel cases	640 travel cases	6.0	6.0	--	--
	Management of programme/units	--	--	31.0	31.0	--	--
	Planning, monitoring and reporting	1 management plan; 2 reports on status of implementation; 1 effort tracking system	1 management plan; 2 reports on status of implementation; 1 effort tracking system	42.1	42.1	--	--
	Secretariat-wide responsibilities	--	--	7.0	7.0	--	--
Total		--	--	175.0	174.0	1 194 759	972 539

4. Programme budget

8. The Sustainable Development Mechanisms (SDM) programme of work in support of the CDM for the two-year period 2020–2021 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 in the period 2020–2021.

4.1. Income

9. Table 8 below shows the balance brought forward from 2018 and the income received in the period from 1 January to 31 July 2019.

Table 8. Income received in 2019 as at 31 July, including carry-over from 2018 (in USD)

Carry-over figure from 2018 (A)	83 451 173
Income received in 2019	
Accreditation fees	44 980
Fees from the accreditation process	61 267
Registration fees ^(a)	34 984
Methodology fees ^(b)	—
Share of proceeds (SOP) ^(c)	7 493 783
Sub-total – Income 1 January – 31 July 2019 (B)	7 635 014
Current balance of 2018 carry-over and 2019 income (A + B)	91 086 187

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 a 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 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) 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 SOP.
- ^(c) 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 31 July 2019 amounted to USD 7.6 million (see table 8). This is 84.8 per cent of the expected income of the USD 9 million in projected income for 2019.² The projected income will likely be exceeded by year end.
11. CERs held in the CDM Registry at the end of June 2019 amounted to 435.7 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

² MAP 2017, document CDM-EB92-A01-INFO, table 10.

pending account of the CDM Registry amounted to USD 56.5 million at the end of the reporting period. This is a decrease of USD 4.4 million in comparison to August 2018, when the outstanding SOP for administration peaked at USD 60.9 million. The decrease is 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.

4.2. 2020–2021 budget

12. The proposed budget for the two years (2020 and 2021) covered by this MAP is USD 18.0 million for 2020, a decrease of USD 1.5 million (-7.6 per cent) when compared to the 2019 budget, and USD 16.2 million for 2021, a decrease of USD 3.3 million (-16.8 per cent) when compared to the 2019 budget. Table 9 provides a summarized comparison of the approved budgets for 2018 and 2019 with the proposed budget for 2020 and 2021.

Table 9. Budget comparison 2018 to 2021 (USD)

Budget	2018	2019	2020	2021
Staff ^(a)	10 801 200	10 801 200	10 469 682	9 489 307
Non-Staff	8 856 716	8 679 703	7 522 991	6 724 169
Total	19 657 916	19 480 903	17 992 673	16 213 476

^(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.

13. Table 10 shows the breakdown of the 2020–2021 budget proposal by the different cost categories and compares them against the 2019 approved budget.
14. Table 11 shows the breakdown of the 2020–2021 budget proposal by the different cost categories and compares the proposed budgets for 2020 (column a) and 2021 (column b), with the previous year's budget (column c), the 2019 consumed budget as at 31 July 2019 (column d) and the projected expenditure for the period January to December 2019 (column e). The table also includes, as a percentage, the rate of increase or decrease between the proposed 2020 (column f) and 2021 (column g) budgets against the projected expenditure of the 2019 budget as at 31 December 2019 (column e).

Table 10. Breakdown and comparison of the 2020–2021 budget proposals and 2019 approved budget (United States dollars)

Cost category	Budget proposal 2020	Budget proposal 2021	Approved Budget 2019	2020 budget against 2019 budget (%)	2021 budget against 2019 budget (%)
Staff costs ^(a)	10 469 682	9 489 307	10 801 200	-3.1	-12.1
Consultants ^(b)	257 950	233 475	435 950	-40.8	-46.4
Experts ^(c)	153 100	138 400	218 200	-29.8	-36.6
Expert travel ^(d)	199 200	187 800	206 400	-3.5	-9.0
Travel of representatives ^(e)	408 550	396 095	450 800	-9.4	-12.1
Travel of representatives – Executive Board (EB) ^(f)	363 000	326 700	420 500	-13.7	-22.3
Travel of staff ^(g)	290 800	263 960	365 100	-20.4	-27.7
Training ^(h)	18 000	16 200	20 000	-10.0	-19.0
Operating expenses ⁽ⁱ⁾	481 300	434 455	680 950	-29.3	-36.2
Regional Collaboration Centres (RCCs) Operations ^(j)	528 800	439 900	588 400	-10.1	-25.2
Total Cost of Ownership ^(k)	1 364 978	1 242 978	1 510 000	-9.6	-17.7
Engagement agreement (Information technology) ^(l)	953 659	753 659	1 073 137	-11.1	-29.8
Mobile telecommunication ^(m)	7 200	6 480	15 100	-52.3	-57.1
Supplies and materials ⁽ⁿ⁾	76 500	68 800	77 500	-1.3	-11.2
EB Grants ^(o)	350 000	350 000	376 500	-7.0	-7.0
13% programme support costs ^(p)	2 069 953	1 865 267	2 241 166	-7.6	-16.8
Total	17 992 672	16 213 476	19 480 903	-7.6	-16.8

Table 11. Breakdown and comparison of the 2020–2021 budget proposals and 2019 expenditure projections (United States dollars)

Cost category	2020 Budget proposal	2021 Budget proposal	2019 Approved budget	Jan-Jul 2019 Expenditure	Jan-Dec 2019 Projected expenditure	Budget 2020 vs. projected expenditure 2019	Budget 2021 vs. projected expenditure 2019
	(a)	(b)	(c)	(d)	(e)	(f) ^(q)	(g) ^(q)
Staff costs ^(a)	10 469 682	9 489 307	10 801 200	6 330 682	10 450 414	0.2 ^(r)	-9.2
Consultants ^(b)	257 950	233 475	435 950	226 508	435 360	-40.8	-46.4
Experts ^(c)	153 100	138 400	218 200	71 132	170 200	-10.0	-18.7
Expert travel ^(d)	199 200	187 800	206 400	109 235	202 272	-1.5	-7.2
Travel of representatives ^(e)	408 550	396 095	450 800	239 364	423 752	-3.6	-6.5
Travel of representatives – Executive Board (EB) ^(f)	363 000	326 700	420 500	186 456	378 450	-4.1	-13.7
Travel of staff ^(g)	290 800	263 960	365 100	117 271	341 930	-15.0	-22.8
Training ^(h)	18 000	16 200	20 000	15 045	18 977	-5.1	-14.6
Operating expenses ⁽ⁱ⁾	481 300	434 455	680 950	112 307	544 760	-11.6	-20.2
Regional Collaboration Centres (RCCs) Operations ^(j)	528 800	439 900	588 400	346 793	588 400	-10.1	-25.2
Total Cost of Ownership ^(k)	1 364 978	1 242 978	1 510 000	1 053 560	1 510 000	-9.6	-17.7
Engagement agreement (Information technology) ^(l)	953 659	753 659	1 073 137	620 187	1 051 674	-9.3	-28.3
Mobile telecommunication ^(m)	7 200	6 480	15 100	4 700	10 570	-31.9	-38.7
Supplies and materials ⁽ⁿ⁾	76 500	68 800	77 500	62 204	77 500	-1.3	-11.2
EB Grants ^(o)	350 000	350 000	376 500	321 300	357 675	-2.1	-2.1
13% programme support costs ^(p)	2 069 953	1 865 267	2 241 166	1 276 177	2 153 051	-3.9	-13.4
Total	17 992 672	16 213 476	19 480 903	11 092 921	18 714 985	-3.9	-13.4

- (a) Staff costs include Staff, General Temporary Assistance (GTA) and 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 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 DNA Forum.
- (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 (MSA) costs) and the RCC Global Forum and RCC Roundtable.
- (k) Total Cost of Ownership (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 2020–2021, 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 project activity cycle workflows (e.g. CDM 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).
- (q) Positive value shows the percentage of budget increase as compared to the 2019 projection, negative value shows percentage decrease as compared to 2019 budget (table 10) or 2019 projected expenditure (table 11).
- (r) Budgeted staff costs for 2020 as compared to projected staff cost expenses for 2019 show an increase of 0.2 per cent. This is due to new standard costs being applied to staff cost calculations in 2020-2021. The reduced number of posts (85) have a higher total cost in 2020-2021 than in 2019. The approved standard costs used in staff cost calculations are in EUR and thus changes in the EUR/USD exchange rate affect calculations.

15. The staff cost category in the proposed 2020–2021 budget has been reduced, as compared to the 2019 budget. In 2020, there is a reduction of -3.1 per cent and in 2021, there is a reduction of -12.1 per cent. The staff cost figures for the 2020 and 2021 proposed budgets do not, however, reflect the true reduction due to a statutory increase in staff costs. 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 UNFCCC rates are determined on the basis of a historical analysis of a set of staff cost parameters such as pay scales and employee benefits. As part of the 2020–2021 budget process, a comprehensive review was undertaken of all staff cost components, as well as the actual staff-related expenditures for 2018. This resulted in a change in standard salary staff rates for all levels. Increases result mainly from step increases and related higher salary costs such as pension and medical contributions.
16. The decrease in the Consultants cost category in the proposed 2020–2021 budget, as compared to the 2019 budget, reflects the secretariat's ongoing human resource strategy, whereby 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 SDM work force which is comprised of 94 total SDM programme staff funded by different funding sources (87 staff are funded under the Trust Fund for the CDM in 2019).
17. Expert costs include the costs of experts who provide technical input to the Board and its support structure. The decrease in the Expert costs category in the proposed 2020–2021 budget, as compared to the 2019 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.
18. The decrease in the Expert travel cost category in the proposed 2020–2021 budget, as compared to the 2019 budget, reflects small adjustments to projected costs of flight tickets for panel members based on 2018 and 2019 actuals.
19. The decrease in the Travel of representatives cost category in the proposed 2020–2021 budget, as compared to the 2019 budget, reflects efficiency gains in strategic event planning whereby meetings are held back to back and participants benefit from attending both meetings. However, savings can be achieved on flight ticketing costs.
20. The decrease in the Travel of Board representatives cost category in the proposed 2020–2021 budget, as compared to the 2019 budget, reflects an adjustment to projected budgets based on 2018–2019 actuals.
21. The decrease in the Travel of staff cost category 2020–2021 budget, as compared to the 2019 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.
22. The decrease in the Operational cost category in the proposed 2020–2021 budget, as compared to the 2019 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.
23. The decrease in the RCC Operations cost category in the proposed 2020–2021 budget, as compared to the 2019 budget, reflects changes to the staff assignment model.

24. The decrease in the IT engagement agreement cost category in the proposed 2020-2021 budget, as compared to the 2019 budget, reflects cost-efficiency gains and the prudent management of resources across the information technology systems and support maintenance.
25. The decrease in mobile telecommunication costs in the proposed 2020–2021 budget, as compared to the 2019 budget, reflects recent more favourable service agreements with the mobile carrier and the phasing out of roaming charges for travel within the European Union.
26. 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 (2020–2021) covered by this business plan and associated MAP.

Table 12. Projected carryover and year-end balances for the period 2019–2021 (USD)

	2019	2020	2021
Carryover ^(a)	128 451 174	118 736 189	109 743 517
Income ^(b)	9 000 000	9 000 000	9 000 000
Expenditure ^(c)	18 714 985	17 992 672	16 213 476
Year-end balance	118 736 189	109 743 517	102 530 041

^(a) Carryover includes the reserve of USD 45 million but does not include interest accumulated that is used for the Loan Scheme.

^(b) Income is assumed at USD 9 million for each year in the period 2020–2023, based on average income received in 2016 through 2019.

^(c) Expenditure for the period 2022-2023 is assumed at same level as in 2021.

5. Human resources

5.1. Allocating resources

27. In the MAP 2020–2021, the total human resource effort including staff, general temporary assistance and consulting costs have been decreased by USD 509,518 (-4.5 per cent) for 2020 and by USD 1,514,368 (-13.5 per cent) for 2021, as compared to the 2019 budget. A total of 85 posts are included in the MAP for 2020 and 78 posts are included for 2021.
28. The MAP 2020–2021 identifies an estimated resource need of 916 person months (about 85 staff equivalents) in 2020 and 860 person months (about 80 staff equivalents) in 2021 to deliver the proposed activities and projects. The actual staff efforts required for activities and projects during the year are tracked in an effort tracking system. It should be noted that each year, experience has shown that estimates of necessary resources for specific activities and projects are under or overestimated, and priorities change (and thus resource allocations), requiring adjustments to be made.
29. The SDM programme has a skilled and flexible workforce comprised of staff under different funding sources, including core budget, Trust Fund for Supplementary Activities (including JI), the Trust Fund for the CDM and the 13 per cent programme support costs. In addition, interns, fellow and junior professional officers periodically work with the secretariat to support the work of the programme. All human resources will be used to

deliver on the CDM-MAP activities and projects, as well as other tasks for which the SDM programme is responsible.

30. The secretariat has systems in place to track and report on human resource deployment and closely monitors resource allocations against priority areas of work to ensure the full utilization of available staff in delivering high quality products on time.

5.2. Ensuring the continued prudent management of resources

31. 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.
32. 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.
33. Additionally, in efforts to prudently manage resources and also 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 2020–2021 in accordance with United Nations rules and regulations.
34. As part of its broader work and responsibilities, and in its effort to ensure optimal resource use, the SDM programme engages in partnerships and seeks to attract alternative funding sources. These efforts will be taken into account to the extent that they can relieve resource and/or financing pressures for work related to the CDM.
35. 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.

5.3. Enabling secretariat-wide adaptation to changing political realities

36. The secretariat recognizes that the key to its success is employing skilled, motivated and engaged staff that are fully equipped to deliver on desired outcomes. In organizing its structures and operations in the 2020–2021 biennium, the secretariat will look to an organizational design that enables the secretariat to combine the skills and experience of its work force to deliver sustained excellence by placing the right skillsets from across the secretariat in a structure that encourages collaboration and innovation and one that optimizes the breadth and depth of talent found throughout the secretariat. This approach will hopefully contribute to creating a more motivating work environment where staff have opportunities to develop and apply their skillsets and experience to new areas of work mandated by the Parties over time.
37. In the process of establishing its structure and operations in the next biennium, the Board encourages the secretariat to ensure that the skills and expertise developed in areas of work that are changing due to changing demands of the external environment are retained and deployed to priority areas of work around current and future mandated activities.

- - - - -

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	12 September 2019	EB 104, Annex 1 Initial adoption.
Decision Class: Operational Document Type: Information note Business Function: Governance Keywords: EB, MAP, budget, support services, work programme.		