

**CDM-EB80-AA-A02**

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## Status of CDM regional collaboration centres initiative

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

## COVER NOTE

### 1. Procedural background

1. At its seventy-first meeting, the Executive Board of the clean development mechanism (hereinafter referred to as the Board) requested the secretariat to provide regular updates to the Board on the status of the Regional Collaboration Centre (RCC) initiative to allow it to evaluate progress and take decisions regarding the future direction of this work.
2. During 2013, the Board received three updates at its seventy-second, seventy-fourth and seventy-sixth meetings. The first update in 2014 was provided at the seventy-ninth meeting of the Board.
3. This information note is produced in conjunction with the 2014 Management Plan (MAP) mid-year review.

### 2. Purpose

4. The purpose of this document is to provide an assessment of the activities of the Regional Collaboration Centres (RCC) initiative since its inception in 2013.

### 3. Key issues and proposed solutions

5. The RCC initiative was launched with the aim of providing direct support to project developers in underrepresented regions. This responded to multiple requests from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) for the secretariat to engage more directly with project developers in general and specifically to overcome identified limitations and gaps in skills and technical knowledge that inhibit clean development mechanism (CDM) stakeholders in least developed and developing countries from promoting and supporting CDM projects. The RCC approach aims to provide short to medium-term interventions that should provide a long-term and sustainable impact. It is expected that the proposed intervention will build local capacity that will be able to provide continuous support without the need for the continuous presence of UNFCCC staff.

### 4. Impacts

6. The main beneficiaries are CDM stakeholders who receive direct support developing CDM projects, standardized baselines and programmes of activities (PoAs). In the long term it is expected that this initiative will guarantee strong and structured interaction between the secretariat and stakeholders.

### 5. Subsequent work and timelines

7. Four RCCs were established in 2013. While RCC Lomé already started operations in January 2013, the three other centres became operational in Q2 and Q3 2013. The establishment of a fifth RCC in the Asia-Pacific region is being investigated with a view to establishing the centre in the future. The work of each RCC will continue to be monitored against defined workplans and regularly reported to the Board.

## **6. Budget and costs**

8. The 2013 budget for the RCC initiative amounted to USD 987,536 in non-staff costs. At the end of the year, only approximately 45 per cent of the budget was spent as a result of the late establishment of the centres and savings identified in running the operations. Based on this, the MAP budget for 2014 as approved by the Board at its seventy-sixth meeting has been calculated to USD 827,042, a lower figure compared to 2013 thanks to the capacity shown by the RCC initiative to leverage resources from partners, to prudently manage costs and continuously seek synergies with donor agencies in related areas of work.

## **7. Recommendations to the Board**

9. The Board may wish to take note of the information contained herein and provide any feedback.

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## **1. Introduction**

1. At its seventy-first meeting, the Executive Board of the clean development mechanism (CDM), through its two-year management plan, provided for a contribution to the operational costs of five regional collaboration centres (RCC) for 2013 and agreed to periodically review progress on the initiative. A first update on initial experiences was presented to the Board at its seventy-second meeting. The Board welcomed the update and requested that future updates provide further detail on the precise workplans and budgets of the established centres. A more formal update was provided to the Board at its seventy-sixth meeting in conjunction with the preparation of the 2014 management plan (MAP).
2. This document represents the fifth report presented to the Board and is prepared in conjunction with the 2014 MAP mid-term review with a view to presenting a comprehensive report of the activities of the RCCs, their impact in promoting the CDM and the financial implications of the initiative.

### **1.1. Background**

3. Since its second session in Nairobi, Kenya, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) has emphasized the need to address the issue of inequity in the regional and subregional distribution of CDM project activities and has mandated the secretariat with a number of tasks related to the enhancement of the capacity of, and direct assistance to stakeholders in the CDM.
4. Decision 5/CMP.8 requested the secretariat to continue enhancing its support for countries underrepresented in the CDM, in particular the least developed countries (LDCs), small island developing States (SIDS) and African countries, by providing support in specific technical areas of the CDM, including skills enhancement, institutional strengthening and the development and submission of standardized baselines (SBLs). Decision 3/CMP.9 encouraged the Board to enhance its interactions with designated national authorities (DNAs) and designated operational entities (DOEs) through its existing forums.
5. The RCCs are intended to provide a more consistent and results-based approach to project support and capacity-building, thus responding to the repeated request from the CMP. They are proving to be a cost-effective way to engage CDM stakeholders in a more active, locally focused, proactive and continuous manner to promote the participation of underrepresented regions in the CDM. In this regard, the CMP at its eighth and ninth sessions welcomed the establishment of the RCCs.

### **1.2. Purpose and focus areas**

6. The workplan of each centre is tailored to the specific needs of each region of operation. However, in broad terms, the initial objectives and activities of the centres can be grouped into the following categories:
  - (a) Establishment of the centres, including creation of networks and partnerships;
  - (b) Direct support to existing projects and programmes of activities (PoAs), where relevant in collaboration with partner agencies;
  - (c) Identification of new project activities (leads) and their inclusion in the pipeline;

- (d) Direct support to the development of SBLs, where relevant in collaboration with partner agencies;
- (e) Development of CDM knowledge, awareness and capacity.

### 1.3. Status of RCC establishment

7. Currently there are four operational centres. Table 1 indicates the partner organization hosting the centre and the date since when the RCCs became operational.

**Table 1. Establishment status of the RCCs**

Location	Partner	Operational since
Lomé, Togo	West African Development Bank (BOAD)	January 2013
Kampala, Uganda	East African Development Bank (EADB)	May 2013
St. George's, Grenada	Windward Islands Research and Education Foundation (WINDREF)	July 2013
Bogotá, Colombia	Andean Development Corporation (CAF)	August 2013

8. The secretariat continues to explore the possibility of establishing a fifth centre to cover the Asia-Pacific region. Potential partners have expressed their interest in hosting the centre. Pending the finalization of relevant administrative steps including the signing of a memorandum of understanding, it is expected that the centre will be established in the fourth quarter (Q4) of 2014.
9. The RCCs are supported by the secretariat in Bonn through the following means:
  - (a) **Governance structure:** The secretariat has formed a coordination committee that oversees the activities of the RCCs and the development of the initiative. The coordination committee also ensures collaboration among different units and teams in the Sustainable Development Mechanisms (SDM) programme. Where needed, the workplans of the RCCs and those of SDM teams or specific projects have been aligned and integrated favouring effective cross-team collaboration;
  - (b) **Information technology:** The full dataset and all communication with stakeholders are being managed through systems available at the Bonn headquarters and all RCCs. These have recently been enhanced to ensure their comprehensiveness and to underpin coordination transparency and oversight across the full set of offices;
  - (c) **Staffing of the RCCs:** The RCCs are staffed jointly by the local partner and the secretariat. Generally the secretariat provides two staff members for an initial assignment of six months extendable to 11 months, who operate in full accordance with United Nations rules and UNFCCC administrative guidelines. So far a total of 11 staff members have undertaken one assignment, while two staff members have undertaken two.

## 2. Overall assessment

10. The work of the RCCs in identifying and supporting specific project activities and progressing projects in the pipeline has proven very successful, especially given the current challenging market conditions. Furthermore, the centres have created a substantial pipeline of 55 SBLs, 10 of which have already been submitted into the regulatory process in less than one year. The capacity developed and local resources mobilized by the RCCs demonstrate both continuing interest in the CDM in the field and the significant impact on the ground of the RCCs. Local stakeholders already recognize the RCCs as a major partner for CDM development in their regions. The reaction of African negotiators during both the Africa Carbon Forum and more importantly the CMP session in Warsaw, Poland was highly effective in emphasizing the continuing role of the CDM among Parties. This reaction is largely attributable to the work of the centres by providing a visible face for progress with the mechanism.
11. The RCC initiative has also helped reach out to stakeholders in a more effective manner. The RCCs are building capacity targeted to local circumstances that, once delivered, is maintained and nurtured by the regional presence. Similarly the presence of the RCCs has given confidence to international agencies, public and private investors, resulting in larger mobilization of both financial and human resources for the CDM.
12. In a moment of high uncertainty for the CDM, the presence of the RCCs has been recognized by stakeholders as sending a positive message about the continuing relevance of the CDM.
13. The RCCs are becoming an important platform for gathering intelligence on the CDM and other mitigation initiatives, and are being increasingly recognized as such in the secretariat and among stakeholders. The RCCs are capturing this information in a systematic way in concept notes and policy papers.
14. The RCCs are also very effective in terms of costs. Results have been achieved in a cost-effective manner when compared with operations run from headquarters and, as indicated above, they were able to mobilize significant additional resources locally and internationally. The overall administration of the RCC initiative is also particularly flexible with limited initial investment at the same time establishing a solid infrastructure on which the CDM can rely for implementing and supporting its future activities.
15. The data presented in this report indicate that the RCCs have played a key role in revitalising the CDM sector in their region of operation. The CDM potential is dispersed in these regions, but is being catalysed and moved forward. This has been recognized by potential donors and buyers of certified emission reductions (CERs) which are working closely with the RCCs in identifying and supporting new project activities.
16. Some of the achievements of the RCC initiative were reached in collaboration with other United Nations agencies and international or regional organizations. In fact, the enhanced on-the-ground presence of the UNFCCC secretariat has allowed the forging of more effective partnerships beyond just the host agency. With many agencies operating with short-term planning and significant funds dedicated to project support and/or capacity-building activities, the flexibility and responsiveness of the RCCs facilitate a great increase in opportunities to tap into these funds. The RCCs also offer partners a well-established infrastructure and network of contacts that has motivated them to jointly conduct events and workshops in the regions. In other cases, international agencies are working with the RCCs to enhance the implementation of their workplans in supporting projects, identifying new CDM activities and SBLs.

17. Particular examples are the joint organization of the Carbon Finance and Investment Forum in Lomé with UNEP and UNEP Risoe, the development of a charcoal SBL in Senegal and a cement SBL in Peru in collaboration with Foundation Future (KFW and BMU), SBLs in renewable energy to be developed together with GIZ and Caricom in the Caribbean, and the joint support of PoAs in East Africa by RCC Kampala and the World Bank.
18. The RCCs focused on outreach activities initially to promote the presence and activities of the centres and later to enhance their visibility and information-gathering potential. The RCCs have developed communication plans and implemented specific activities, including launching newsletters, establishing e-mail lists, building relations with the local media and developing information material in different languages. These activities are preserving and enhancing the perception of the CDM as a viable carbon market mechanism, raising interest in climate change issues and engaging actors at technical and political levels. The RCCs have a pivotal role in increasing the visibility of the UNFCCC itself on the ground while facilitating access to up-to-date and relevant information on a wide spectrum of mitigation activities for UNFCCC teams in Bonn.
19. The initial results of the RCC initiative have been welcomed by the RCC Global Forum, which once a year brings representatives of the four host partners together with the secretariat to consider issues common to all RCCs. In keeping with the continuing need to further refine the centres' work, the Forum has focused on the need to further strengthen the infrastructure supporting the RCCs, including through improved information-sharing, additional communication activities to highlight the achievements and potential of the centres, greater profiling of the RCCs' work among development and other donor agencies, including under the Nairobi Framework, and stronger engagement with the private sector and sources of demand for CERs. The Forum will convene again via teleconference by the end of 2014 to take stock of progress achieved and plan the second face-to-face meeting in 2015.

### **3. Specific outcomes and achievements**

#### **3.1. Direct support to projects**

20. Data confirms that the RCCs have been successful in their primary function to provide direct support to actual project activities and PoAs, and have been effective in ensuring that these projects and programmes move through the CDM project cycle. As shown in table 2, the four RCCs have contacted over 1,800 CDM activities, providing direct support to over 200 individual activities resulting in 88 such activities moving forward in the project cycle. This direct support was provided without interfering with the existing regulatory and assessment processes.
21. By its nature, this support work differs substantially from region to region and from project to project. The challenge and priority in the West African region, due to the limited CDM pipeline there, has been to move projects into the pipeline and have validation commenced. In contrast, the work in East Africa is placing greater emphasis on moving existing registered projects and PoAs through the issuance phase. The Caribbean focus is currently on the development of SBLs and tools to facilitate the development of PoAs in the renewable energy sector. RCC Bogota is promoting voluntary cancellation of CERs, the development of SBLs and assisting project developers on a wide range of issues, including methodological, procedural and general CDM issues. Table 2 below provides an overview of the CDM project pipeline by RCC regions.



22. Notwithstanding these differences, the core steps ensuring broad and proactive coverage of the support function are similar across the centres; the need to identify the range of existing projects, to assess their current status, to target priority interventions and to develop new leads. Table 3 below summarizes the status of these activities across the established centres since the start of operations.

**Table 2. Status of RCC support activities as of 31 May 2014**

	<b>Bogotá<sup>1</sup></b>		<b>Kampala</b>		<b>Lomé</b>		<b>St. George's</b>	
<b>RCC project portfolio<sup>2</sup></b>	<b>Nr.</b>	<b>% of total</b>	<b>Nr.</b>	<b>% of total</b>	<b>Nr.</b>	<b>% of total</b>	<b>Nr.</b>	<b>% of total</b>
Total RCC pipeline	2779	100%	667	100%	276	100%	78	100%
Contacted projects	1188	43%	388	58%	186	67%	78	100%
Inactive/not responded	1039	37%	45	7%	40	14%	65	66%
<b>RCC active pipeline</b>	<b>149</b>	<b>5%</b>	<b>343</b>	<b>51%</b>	<b>146</b>	<b>53%</b>	<b>13</b>	<b>17%</b>
Active pipeline activities supported by RCC	43	29%	103	31%	49	34%	13	100%
Active pipeline activities moved through the CDM pipeline to date	12	8%	22	6%	41	28%	13	100%

(1) RCC Bogotá contacted 1,188 project participants and coordinating/managing entities (CMEs) of project activities and PoAs in the CDM pipeline (excluding projects with prior consideration only) by mean of an online survey; 149 project participants/CMEs responded to the survey.

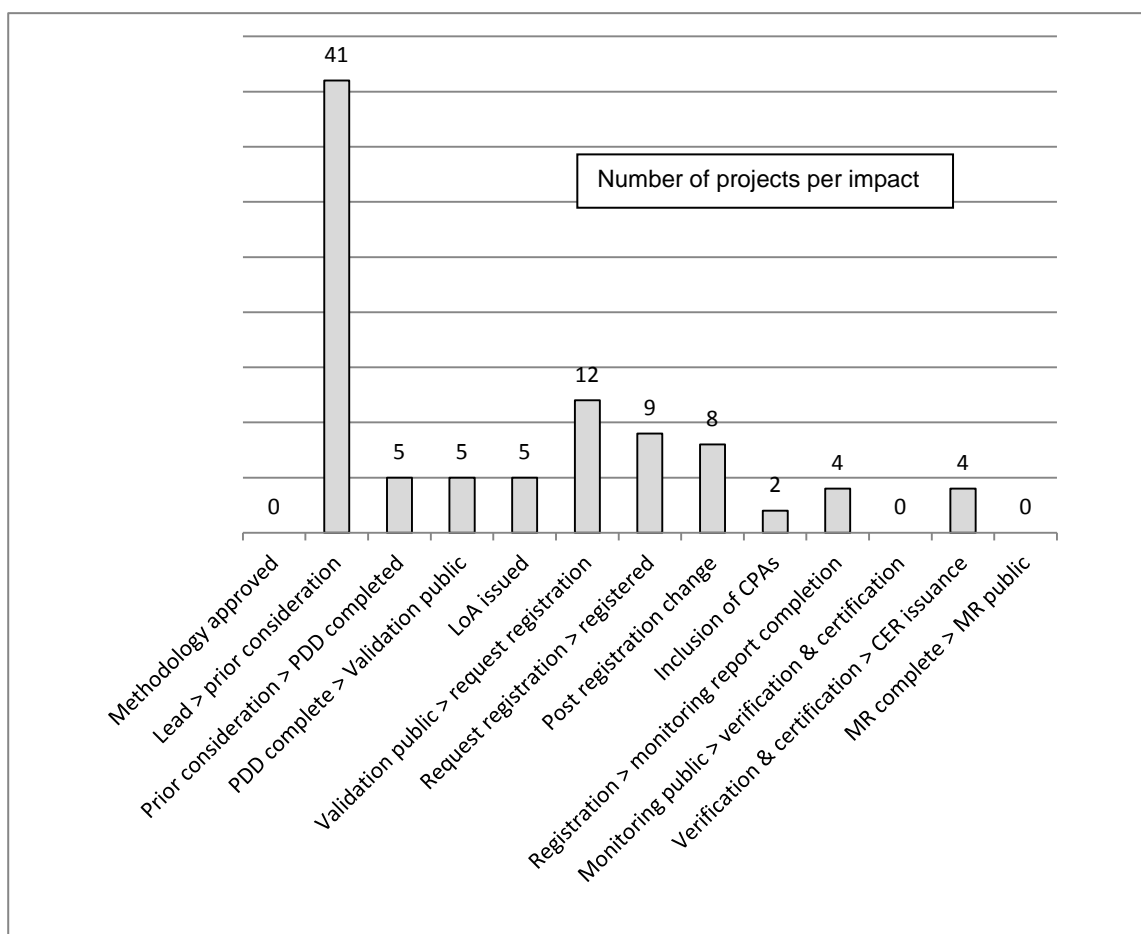
(2) Projects rejected, withdrawn, or with validation terminated or replaced are not considered in the count.

**Table 3. Status of project activities in the pipeline as of 31 May 2014**

<b>POA/PA status</b>	<b>RCC Bogotá</b>	<b>RCC Kampala</b>	<b>RCC Lomé</b>	<b>RCC St. George's</b>
<b>Prior consideration</b>	<b>1617</b>	<b>387</b>	<b>159</b>	<b>47</b>
Validation public	162	70	30	6
Pending publication	36	11	4	1
Requesting registration	3	2	0	0
Registered	960	196	82	24
<i>PoAs/project activities registered with monitoring report published</i>	<i>403</i>	<i>45</i>	<i>15</i>	<i>4</i>
<i>PoAs/ project activities registered without monitoring report published</i>	<i>557</i>	<i>151</i>	<i>67</i>	<i>16</i>
Review	1	1	1	0
<b>Total CDM pipeline</b>	<b>1162</b>	<b>280</b>	<b>117</b>	<b>31</b>
<i>Project activities</i>	<i>1107</i>	<i>177</i>	<i>76</i>	<i>25</i>
<i>PoAs</i>	<i>55</i>	<i>102</i>	<i>41</i>	<i>6</i>
<i>Included component project activities</i>	<i>1116</i>	<i>131</i>	<i>63</i>	<i>2</i>
<b>Total RCC pipeline</b>	<b>2779</b>	<b>667</b>	<b>276</b>	<b>78</b>

23. It is worth noting (see figure 1) that the support of RCCs has been provided throughout the whole project cycle, particularly during the initial phases when RCCs are called on to facilitate the project start-up and communication with DNAs, and during validation and registration when project participants or coordinating/managing entities (CMEs) may need, for instance, clarification on DOE findings or on completeness check (CC) and information and reporting check (IRC) issues and requests for review. This allows RCCs to identify impact areas and key barriers and to shape effective responses.

**Figure 1. RCC impacts on project activities/PoAs in the CDM pipeline<sup>1</sup>**



<sup>(1)</sup> The total number of projects considered in the figure is 88; some of them have been impacted twice or more bringing the total number of impacts to 95

24. Some examples may help illustrate the nature of the assistance provided. RCC Kampala assisted PoA 8486 “Biomass residues power generation Programme” clarifying the request for review issues raised on additionality and eligibility criteria, hence enabling a proper response to the request for review and ensuring the PoA registration. Similarly, RCC Lomé successfully guided through registration three CDM cookstove projects from Burundi (UNFCCC no. 9790, 9791 and 9911).
25. Post-registration changes (PRCs) for PoAs are becoming a recurring theme of requests to the RCCs. In the case of PoA 2535 “CUIDEMOS Mexico - Smart Use of Energy Mexico”, RCC Bogotá provided key guidance on the procedural steps and standard requirements for changes to the monitoring plan. Another good example is set by the “African Improved Cooking Stoves Programme of Activities” (UNFCCC no. 5342), that needed to slightly revise the eligibility criteria. RCC Lomé provided clarification in this regard and guided the CME through a clarification request to the Small-Scale Working Group.

### 3.2. New projects identified

26. As presented in table 4 below, the RCCs have been particularly active in identifying 109 new project activities ("leads"), 38 per cent of which moved through the CDM pipeline thanks to follow-up actions planned on a case-by-case basis.
27. The RCCs have been proactive in establishing contacts with leading regional institutions, foreign development agencies, NGOs and DNAs. The presence of the RCCs has encouraged the development of several partnerships with local, regional and international institutions. In some cases, organizations that requested to develop a partnership are not located in the region, but saw the opportunity for the RCC coordinating operations in the area.
28. The renewable energy sector absorbs the majority of the identified leads (59 per cent), followed by cookstove and efficient lighting projects (16 per cent), waste handling and disposal projects (12 per cent), and activities in the charcoal production and agricultural sectors (3 per cent each).

**Table 4. Project leads in the RCCs as of 31 May 2014**

Project leads	Sectoral scope	RCC Bogotá	RCC Kampala	RCC Lomé	RCC St. George's	%
Afforestation	14		1	-		1%
Agriculture	15		3	-		3%
Energy demand	3		10	5	2	16%
Energy distribution	2				1	1%
Renewable	1	3	14	28	19	59%
Waste handling and disposal	13	1	9	3		12%
Manufacturing industries	4		2	1		3%
Transport	7		1	1		2%
(not specified) <sup>1</sup>			2		3	5%
<b>Total identified</b>		<b>4</b>	<b>42</b>	<b>38</b>	<b>25</b>	<b>100 %</b>
<b>Moved into pipeline or further</b>		<b>4</b>	<b>6</b>	<b>27</b>	<b>4</b>	<b>38%</b>

<sup>(1)</sup> Discussion is ongoing with DNAs/project developers about project development in various sectors; a specific sector is not yet identified.

29. The high transaction costs, along with the low CER prices, are perceived as the major constraints to the development of project activities/PoAs. RCCs have effectively supported project developers by facilitating access to information about calls from international donors (e.g. World Bank Ci-Dev, KfW, Foundation Future of the carbon market, the Swedish Energy Agency, etc.) and assisting with applications.
30. Acknowledging the CDM potential of renewable energies in the Caribbean region, RCC St. George's is facilitating the drafting of a PoA design document (PoA-DD) and generic CPA-DDs package for small-scale renewable energy activities (solar, wind, hydro,

geothermal and wave/tidal) in an attempt to minimize transaction costs and boost the development of CDM projects in the Caribbean countries.

31. Examples include the success of RCC Lomé in sustaining the development of the first transport sector PoA in Ghana. The “IGES Eco transport PoA for air quality and reducing GHG and SLCP” received methodological advice and assistance with the submission of the prior CDM consideration notice. RCC Lomé also supported the PoA application to calls for funding by the World Bank Ci-Dev and the Foundation Future of the Carbon Market.

### **3.3. Support to standardized baselines**

32. The support to the development and submission of SBLs has been enhanced by the presence of the RCCs. The RCCs are assisting project developers and DNAs by providing technical advice and developing capacity. The RCCs are also playing a key role in identifying technical and institutional gaps at the local level and other barriers that are affecting the development of the SBLs and are feeding this information back to the UNFCCC secretariat.
33. SBLs are of significant interest to DNAs and other stakeholders. Support activities in this work area have provided the centres with a higher profile among relevant partners (GIZ, KfW, UNDP, UNEP, World Bank, Foundation Future of the Carbon Market). With many stakeholders wishing to receive support in knowing how to comply with the Board’s requirements, the demand for support in this work area is high across all four centres.
34. The RCCs have the capacity to establish grid emission factors for the vast majority of African and Latin American countries within the next 18 months, thus providing a factual foundation for the monitoring and reporting of mitigation action in the renewable energy and energy efficiency sectors in these regions.
35. Table 5 show that while grid emission factors (GEFs) are the main focus in the four RCCs, several other SBLs are supported in other sectors. RCC Lomé is supporting 17 SBLs including six SBLs in the landfill sector which are close to being submitted to the secretariat. RCC Kampala is providing support for the development of five standardized baselines in the areas of Institutional Cook Stoves (Uganda), Rural Electrification (Ethiopia) and GEF SBLs (Uganda, Kenya and Rwanda). Four more SBLs (waste in Uganda and three GEF SBLs) are being considered. RCC Bogotá is currently supporting 12 SBLs and it is the only one supporting SBLs in the transport sector (in El Salvador, Honduras and Ecuador). RCC St George’s is focusing on supporting stakeholders for the development of 21 SBLs including nine SBLs in the waste sector, three of which have been submitted already from Antigua and Barbuda, Dominican Republic and Belize, and one from Trinidad and Tobago is close to submission.

**Table 5. Summary of SBLs currently supported by RCCs**

SBL sector	Sectoral scope	Bogotá	Kampala	Lomé	St. George's
Power sector/GEF	1	6	7	8	12
Cookstoves	1, 3		1	2	
Charcoal	4			1	
Waste handling and disposal	13	2	1	6	9
Agriculture	15	1			
Transport	7	3			
<b>Total</b>		<b>12</b>	<b>9</b>	<b>17</b>	<b>21</b>
Potential <sup>1</sup>		9	4	4	13
In development		3	3	10	3
Submitted			2	3	5

<sup>(1)</sup> SBLs for which DNAs have expressed interest and a dialogue about their development is ongoing.

36. Thanks to the direct support of the RCCs, 10 SBLs have been submitted from underrepresented regions, which represent 50 per cent of the total number of SBLs submitted to the secretariat since May 2012.
37. The presence of the RCCs is proving to be very important for the development of SBLs in the secretariat. The abovementioned SBLs will be developed through workplans involving different actors both at the RCC and the secretariat levels reflecting the interlinkages with other secretariat efforts to support the development and adoption of SBLs and other standardized methodological approaches. Therefore the availability of RCC Lomé has substantially increased the scope of what could have been achieved previously in these areas by providing greater access to relevant information and making the secretariat a more engaged partner.
38. The development of the GEF SBL in Kenya was initiated through the coordination of RCC Kampala with the DNA of Kenya and a local project developer. The RCC has been instrumental in facilitating the collection of data, while the project developer took over the emission factor calculation and the development of relevant documentation.
39. RCC Bogota has been the first in taking concrete steps towards the development of an SBL in the transport sector. Bilateral meetings have been held in this regard with the DNA of Ecuador, Honduras and El Salvador. The DNA of Ecuador has eventually confirmed its interest on the transport SBL and the recent approval of the methodological tools by Board at its seventy-ninth meeting will facilitate the SBL development.
40. As a result of the existing collaboration with the United Nations Development Programme (UNDP) supporting SBLs in Africa, the RCC initiative went beyond the geographical boundaries of the four operational RCCs and provided assistance to UNDP for the development of an SBL in the rice sector in the Philippines.
41. The RCC information and contacts also provided the basis for identifying priority areas and countries for the top-down development of SBL proposals. RCCs and DNAs are currently discussing availability and access to data to assess the feasibility of top-down SBL development in the cookstove sector in Burundi, Kenya and Malawi, in the forestry sector in Namibia, in the cement sector in Peru, and in the transport sector in Ghana.

This is also the result of an effective internal collaboration and coordination between the RCCs and the Standard Setting Unit in SDM.

### **3.4. Policy development**

42. The presence of the RCC on the ground has facilitated the collection and analysis of relevant information about the CDM to be used for the continuous work of enhancing the mechanism. The possibility of accessing stakeholders on a day-to-day basis in a formal and informal context is a unique advantage not previously available to the secretariat. This situation puts the RCCs in a position to analyse and evaluate the information taking into account the regional circumstances.
43. Early this year RCC Bogotá launched a survey to collect perceptions and information on current operations and proposals for improvement with regard to the CDM project cycle, projects and programmes in Latin America. Of the 1,188 targeted stakeholders (mostly project participants and CMEs), 13 per cent provided responses suggesting ways to better “sell” the CDM in the Latin American context.
44. RCC Bogotá compiled the responses in a survey report that shows that the majority of stakeholders would be willing to continue in the CDM project cycle in 2014 (65 per cent of the respondents) and in 2015 (58 per cent of the respondents). Further, 36 per cent of the respondents indicated that they were planning to sell the CERs on Kyoto’s compliance market. The survey report also shows that more than half of the stakeholders have positive expectations regarding the future of the carbon market. The report provided the basis for drawing policy recommendations related to the CDM modalities and procedures, project cycle, regulatory documents, and accreditation system. These recommendations including, inter alia, strengthening the role and level of involvement of DNAs in the oversight of the validation report, will be taken into account in relevant inputs to be provided to the Board.
45. Likewise, based on their specific regional circumstances, RCC staff in St. George’s drew policy recommendations suggesting improvements to methodologies and the CDM project cycle. One suggestion related to landfill projects is to adopt both a capacity-based payment system for registration fees and to exempt project developers from estimating emission reductions ex ante based on defined criteria.

### **3.5. Support to results-based financing**

46. In the initial planning stages of the RCC initiative the focus was solely on providing support to the supply side of the market. However, the current CDM business plan has expanded to acknowledge the importance of nurturing existing and future demand sources. All RCCs have been able to support the initial steps into this area of work by providing a connection between new demand centres (World Bank Ci-Dev, NEFCO, Swedish Energy Agency, Foundation Future-KFW, Mexican and South African carbon tax proposals) and viable project activities.
47. The World Bank has recognized the role of the RCCs in Africa in nurturing the supply of viable CDM projects and has called for further collaboration. SEA is currently considering means of further supporting the African RCCs. The RCC could also play an important supporting role in the promotion of the concept of voluntary cancellation (VC) attracting the interest of several stakeholders.

### **3.6. Capacity-building**

48. The presence of the RCCs has catalysed the attention of several international and regional agencies operating in the regions of operations of the RCCs. Several partnerships and collaborations have been established to co-organize events at national and regional level. The presence of the RCCs is considered beneficial as RCCs can help logistically and administratively, provide content and speakers, facilitate the interaction with the local government and offer a strong understanding of the local circumstances and therefore learning needs.
49. RCCs endeavour to pursue capacity-building initiatives in a more targeted way, adapting methods and material to the subregional circumstances. Capacity-building activities do not stop with the organization of workshops and the delivery of training courses. The RCCs have the possibility of monitoring the effectiveness of the training that has been delivered in order to follow up where needs arise and maximize the impact.
50. RCC Lomé conducted a training session on project design document (PDD) drafting in April 2014 for a Lomé-based regional entity operating in the field of renewable energy in West Africa and is considering becoming a CME. In May, upon request of the DNA of Togo, RCC Lomé and GIZ co-funded a training session on CDM assets for climate mitigation. The above courses helped to fill a gap in the availability of training curricula and material in French and they can be easily replicated in the region.
51. In Kampala, East African CMEs highlighted to the RCC specific knowledge issues they were facing in relation to PoA monitoring reports. The RCC was able to organize a tailored training programme which addressed and resolved the specific concern as the training activity resulted in concrete and measureable results. The RCC raised funds for the event and was able to organize two workshops (Uganda and South Africa).
52. The RCCs also have supported the establishment of DNAs. Already in 2013, three DNAs were established with the help of RCC St. George's and RCC Lomé. In 2014 important work has been initiated for the establishment of the DNA in Haiti.
53. The RCCs are also training the local staff assigned to the RCC by the host partner and also other staff in their organizations. The purpose of these training activities is to ensure the long-term sustainability of the initiative once the secretariat starts supporting the RCC only remotely.



## 4. Financial status

### 4.1. Background

54. The non-staff costs for each RCC contained in the MAP (objective 2(b), table 6) can be divided into two broad categories: logistics and costs to operationalize workplans at each RCCs. Staff costs include the salaries of the secretariat staff reassigned to the RCCs and those of staff supporting the initiative from Bonn. RCC staff are therefore staff already employed by the secretariat and reassigned to the RCC. Staff cost details are available in the MAP mid-term review.
55. The non-staff RCC allocation in the MAP 2014 totals USD 851,352 of which USD 432,032 are for logistics (RCC administration and partner engagement) and USD 419,320 for operational costs (on-site support to projects and bottom-up SBs).
56. Logistics costs typically include staff relocation and a family visit back to Bonn for assignments in excess of six months as well as an induction course before the mission. This budget is managed at Bonn headquarters. More details are available in the MAP mid-term review.
57. The budget to operationalize each RCC workplan include costs for missions for UNFCCC staff to provide direct on-site support to projects, PoAs and SBLs, capacity-building and outreach activities (research associates in the centres, missions of non-UNFCCC staff), meeting and workshop costs and equipment and supplies such as security equipment for compliance with United Nations security regulations, telecommunication costs, and supplies for catering for meetings. The operational costs associated with the RCC team in Bonn comprise the RCC Global Forum held for the first time in January 2014 and monitoring visits.
58. This financial status presented in the next paragraphs provides an assessment of the actual expenditure on the ground and forecasts expenses and savings until 31 December 2014.

### 4.2. Operational expenditure for on-site project support

59. The total actual expenditure of the RCCs as of 31 May 2014 is 19 per cent of the MAP budget for 2014 for implementation of the workplan as presented in table 6. This indicates that savings have been achieved with respect to the 42 per cent expected ratio of expenditure after 5 months of operations in 2014.

**Table 6. Expenditure RCC initiative 1 January–31 May 2014 (in United States dollars) <sup>1</sup>**

	HQ	Lomé	Kampala	St. George's	Bogotá	Total
<b>Operations</b>						
MAP budget	24,310	101,310	129,360	64,240	100,100	419,320
Actual expenditure	5,566	18,345	26,820	10,793	17,863	79,386
% spent	<b>23%</b>	<b>18%</b>	<b>21%</b>	<b>17%</b>	<b>18%</b>	<b>19%</b>

<sup>(1)</sup> Amounts in the table are rounded.

60. The costs of operations in the four centres are below the expected expenditure of 42 per cent due to several reasons. Staff turnover at the beginning of the year in RCC Kampala and RCC Lomé as well as work planning taking up substantial time and resources in the first few weeks of the year in all centres resulted in fewer missions. Cost savings have also been achieved in all centres by undertaking missions back-to-back when feasible, and fundraising helped in fully or partly funding specific events, training and workshop activities.
61. Reforecasting the expenditure of the RCCs to the end of 2014 including a contingency of 10 per cent, it can be expected that the total expenditure level of the RCCs will be at least 10–15 per cent below the allocated MAP budget.

### 4.3. Cost-effectiveness

62. The RCC experience continues to show that significant results are achieved in a cost-effective manner. Having the field presence allows cost-effectiveness in the sense that a wider set of results can be achieved at a lower cost than operating from Bonn and at the same time mobilizing additional resources for the CDM in the region. The latter demonstrates that the presence of the RCC on the ground gives the external donors a sense of confidence to invest in CDM-related activities.
63. Table 7 shows funds leveraged by the RCCs from external organizations, agencies and the respective host partners in comparison to the MAP budget for the RCCs in 2014.

**Table 7. Funds leveraged by the RCC initiative in 2014 (in United States dollars)**

	HQ	Lomé	Kampala	St. George's	Bogotá	Total
Funds contributed by the host partner		115,398	133,200	53,500	130,100	<b>432,198</b>
External funds leveraged as of 31 May		65,401	13,500 <sup>1</sup>	2,500	0 <sup>2</sup>	<b>81,401</b>
Total funds leveraged		180,799	146,700	56,000	130,100	<b>513,599</b>
RCC budget (MAP)	24,310	183,095	216,210	217,721	210,016	<b>851,352</b>
Total funds available	24,310	363,894	362,910	273,721	340,116	<b>1,340,641</b>

<sup>(1)</sup> RCC *Kampala* raised approximately USD 50,000 in 2013 from external partners for capacity-building activities.

<sup>(2)</sup> In 2013, RCC Bogota has been able to leverage contributions to workshops organized by the RCC from external partners and local DNAs to the effect of USD 1,400.

64. In the first five months of 2014 the RCCs have been able to leverage over 60 per cent (USD 513,599) of the budget contributed by UNFCCC (USD 851,352). In the case of RCC Lomé the funds leveraged are equivalent to the MAP budget for the centre. The total leverage could reach over 70 per cent or more by the end of the year. Apart from the achievements supporting CDM activities and capacity-building, this additional finance brought in to support CDM activities in the regions can be seen as a major achievement of the RCCs, mobilizing resources possibly otherwise not released for investment in the CDM.

65. These external contributions bring the total funds available to the RCCs for CDM-related activities to a significantly higher level, thereby enabling greater results to be achieved with less financial contribution from UNFCCC.

#### **4.4. Budget for RCC Asia-Pacific**

66. The estimated cost of budget for logistics and operations in 2014 for the planned fifth RCC in the Asia-Pacific region is 30,000 USD on the basis of an expected date of operation of 1 October 2014. This estimation is based on two UNFCCC staff (relocation, tickets and special living allowance (SLA)) and a lump-sum budget for operational expenses for the first three months. The budget for 2015 will be elaborated in the context of the 2015 MAP preparations.

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#### **Document information**

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