

**CDM-EB71-AA-A01**

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# Draft CDM two-year business plan and management plan 2013–2014

Version 02.1

DRAFT



**United Nations**  
Framework Convention on  
Climate Change

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## **1. Introduction**

1. The Executive Board of the clean development mechanism (the Board) is charged by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) with supervising the clean development mechanism (CDM). The current document comprises the following parts:
  - (a) The “business plan”, as contained in the main body of this document, sets out the strategic direction of the Board for the CDM during 2013 and 2014;
  - (b) The “management plan” (MAP), as contained in the appendix to this document, sets out the work, capacity needs and resource requirements necessary to implement the business plan.
2. The second commitment period under the Kyoto Protocol is just beginning and much remains uncertain regarding the future of the CDM. The business and management plans seek to adapt to the changing environment of the CDM and also create sufficient space to review and adjust the plans and activities over time.
3. The Board wishes to see the CDM remain an effective tool used by Parties in their collaborative work to mitigate climate change. In this context, the Board wishes to ensure that the CDM is truly “fit for the future” and possesses an accessible and user-friendly toolkit of credible standards and systems that is highly valued and widely applied in measuring the impacts of mitigation actions. The insights gained through the decade of operating the CDM need to be well understood by Parties and policymakers and be appropriately used as the international community searches for wider solutions to address climate change.
4. The remainder of this document sets out the CDM business plan 2013–2014.

## **2. The evolving context in 2013 and beyond**

5. The CDM has to date built up over 5,860 registered projects in 82 countries and 75 registered programmes of activities (PoAs), hosted in 36 developing countries, and has issued over one billion certified emission reductions (CERs). These achievements demonstrate the undeniable success of the CDM.
6. However, as the second commitment period under the Kyoto Protocol begins, the CDM faces many challenges and changes:
  - (a) The demand for CERs from traditional markets is declining significantly, given the number of Parties participating in Kyoto’s second commitment period and the emission targets they have committed to, as well as the new restrictions by the European Union emissions trading system on the use of CERs from all industrial gas projects and any other projects registered after 2012 except those hosted in least developed countries (LDCs);
  - (b) A large number of new national and regional carbon markets are expected to become operational in the next few years, including in countries hosting CDM projects or buying CERs. Many of these systems may be expected in time to link

to each other, although the role and access of the CDM in these new markets is yet to be fully defined;

- (c) New approaches being negotiated within the UNFCCC are expected to provide potentially separate channels for collaboration among Parties on mitigation action, including the new market mechanism (NMM), the framework for various approaches (FVA), nationally appropriate mitigation actions (NAMAs), and the Green Climate Fund;
  - (d) The CDM suffers from a negative image among some Parties and stakeholders, based to some extent on outdated perceptions of its performance, particularly about the additionality of some project types.
7. These factors – combined with recession in many countries – have resulted in a market with inadequate demand for CERs, leading to a rapidly dropping CER price that in turn erodes incentives to develop new CDM projects. These factors also mean that the CDM now faces serious competition and will need to prove its comparative worth if it is to survive as a viable mitigation tool.
  8. The Board expects requests for registration to substantially decline in the short and medium terms. Expectations for requests for issuance are less clear. These may continue at levels comparable to 2012, especially given the surge in projects registered towards the end of 2012, but continued low CER prices may also reduce the number of projects proceeding with issuances.
  9. Demand for CERs from 2013 to 2020 is estimated to be approximately 2 billion (250 million per year); supply estimates vary significantly, but in almost all instances hold that supply will be able to meet – and in many cases significantly exceed – demand. Such estimates are subject to many uncertainties, including the international negotiations to review the modalities and procedures of the CDM and develop newer collaborative mitigation measures, the fluctuation of carbon prices, and the development of regional and national market-based initiatives. As future levels of CER issuance will affect levels of CDM revenue, the Board needs to maintain up-to-date its analysis of these figures.
  10. Overall, the CDM risks losing its momentum and, with it, the intellectual and institutional capacity built up among Parties and other stakeholders.
  11. That said, these factors should not be overplayed. The CDM remains the largest and internationally most recognized offset mechanism in the carbon market and maintains broad support from developed and developing countries alike. Newer mechanisms will take time to become established and may face difficulties in providing offsets to a truly global carbon market. The practical experience and current leadership role of the CDM can help facilitate the widespread adoption of best practices and uniform technical standards, as well as promote appropriate links across carbon markets worldwide.
  12. Therefore, the Board views the CDM as having great potential to contribute strongly to international collaboration on mitigation in the longer term when demand returns to the carbon market. However, the CDM's relevance to, and acceptance in, new carbon markets will depend on how well it meets the expectations of Parties and other stakeholders.

### **3. Response of the Board**

#### **3.1. The Board's vision for the CDM**

13. The Board considers that its role, within the guidance set by the CMP, is to ensure that the CDM remains a viable and effective instrument for use by Parties and the private sector to combat climate change and achieve the objective of the Convention. Taking into consideration the evolving context in 2013 and beyond, the Board's vision guiding this business plan is for the CDM to continue as *"a credible mechanism for a low greenhouse gas future promoting sustainable development"*.

#### **3.2. Overall direction of work**

14. In light of the above, significant changes will be called for in the CDM: continuing to operate and incrementally improve the CDM are insufficient to guarantee its relevance over the long term. The CMP is now reviewing the modalities and procedures of the CDM and has requested the Board to contribute input to this process. The Board may also enhance the future value of the CDM by actively strengthening areas of cooperation with the new forms of collaboration on mitigation that Parties are designing.
15. The Board will also need to combat negative perceptions of the CDM through improvements to the system and through stronger and more proactive and strategic communications, both with CDM stakeholders and also with opinion-shapers and decision-takers in emerging carbon markets.
16. How the Board responds to – and makes use of – this short to medium term situation of continued low demand for CERs will be important in terms of its responsible use of resources and how it can contribute to the value of the CDM in the longer term.
17. The success of the CDM to date means that the Board has significant staff resources, in particular within the secretariat, as well as financial reserves. These resources provide a unique opportunity for the Board to continue work and maintain key capacity in the short and medium terms. The Board considers that its work during the period of this business plan, as well as beyond, needs to balance:
  - (a) The judicious use of its resources, including where necessary by drawing upon accumulated financial reserves, where this contributes to the longer term success of the mechanism and immediate revenues are insufficient;
  - (b) Precautionary cuts in expenditures to respond to reduced resource requirements and extend the use of its financial reserves;
  - (c) Frequent reviews of the revenues and expenditures of the Board, identifying and implementing adjustments over time as needed.
18. This business plan, as well as the MAP, identifies work that the Board considers important for the 2013–2014 period while undertaking precautionary cuts to the budget of 10 per cent below 2012 levels for 2013 and 14 per cent below 2012 levels in 2014. The Board will regularly review its financial situation.
19. In assessing the work needing to be undertaken during this period, the Board has considered what activities:

- (a) Are central to the functioning of the CDM;
  - (b) Have been specifically requested by the CMP;
  - (c) Respond more generally to the responsibilities given by the CMP to the Board as part of its overall supervision of the CDM.
20. Given the expected changes in the environment and workload of the CDM over the 2013–2014 period, the support structure will need to remain flexible. The composition and operation of the Board's panels and working groups will need to be reviewed. Furthermore, the secretariat will need to be flexible in deploying staff to meet shifting demands and allowing staff numbers to reduce over time. In particular, staff will likely need to shift away from the registration processes and towards activities important for developing the CDM in the longer term and improving outreach and communications.
21. In the expectation of the longer term role and contribution of the CDM, core staff capacity within the secretariat ought to be retained. It has taken much time to build the current skills and institutional knowledge of the secretariat and this is now a key comparative advantage of the CDM. Significantly reducing and subsequently rebuilding such capacity would incur considerable repatriation and settlement costs, as well as considerable time. Nevertheless, measures need to be used to manage and reduce costs, such as natural attrition, staff redeployment, cross-functional teams, improved use of technology, and reduced needs for physical meetings and travel.
22. The Board will regularly review the performance of the CDM and its support structure in light of the CDM's evolving environment and financial situation. This will require appropriate monitoring systems within the secretariat, many of which have already been initiated. These systems will be strengthened to provide enhanced reports to assist the Board in identifying and managing the risks associated with the future of the CDM.

## 4. Objectives

23. In pursuing its vision for the CDM, the Board has identified four objectives to be achieved over the next two years:
- (a) **Objective 1:** Provide for simplicity and predictability in the operation of the CDM and ensure the integrity of CERs;
  - (b) **Objective 2:** Ensure the CDM makes a growing contribution to the mitigation of climate change and sustainable development of host countries;
  - (c) **Objective 3:** Further expand the geographic reach of the CDM;
  - (d) **Objective 4:** Promote the use of, and safeguard the reputation of, the CDM as a mechanism for low carbon development.
- 4.1. **Objective 1: Provide for simplicity and predictability in the operation of the CDM and ensure the integrity of CERs**
24. The growth in registrations and issuances has been accompanied in recent years by considerable work of the Board to improve the transparency, user-friendliness, and consistency of the CDM, while all the time seeking to maintain its environmental integrity.

This work has enhanced the efficiency of the CDM processes and has been greeted with much appreciation by CDM stakeholders.

25. Initiatives to further improve the processes and requirements of the CDM need to continue as, despite the expected reductions in short and medium term demand for CERs, the number of currently registered projects alone will maintain significant activity within the CDM system. Furthermore, the Board considers it important to continue building the CDM for when more significant levels of demand return to the carbon market in the longer term. This is especially the case for recent developments that mark out new ways of undertaking mitigation activities, such as standardized baselines and PoAs, and for improvements in the CDM's technical systems that have constrained the capacity to improve the mechanism.
26. The Board needs to continue assessing its processes, requirements and technical systems with a view to reducing complexities, while maintaining environmental integrity, and ensure that all submissions relating to projects, accreditation and standards are processed appropriately and within agreed timelines. The Board also needs to continue strengthening the governance structure of the mechanism and ensuring that its support systems function in an effective, impartial and transparent manner.
27. Overall the work under this objective will ensure that the mechanism continues to operate smoothly, the regulatory framework is further clarified and simplified, the accreditation system becomes less cumbersome, the governance of the mechanism is strengthened, stakeholders remain engaged with continuously enhanced capacity, and the support provided by the institutional support structure is continuously improved in accordance with a quality management approach.
28. Key areas for the work under this objective include:
  - (a) The further consolidation, clarification and simplification of the regulatory framework of the CDM, building upon work to bring together previously disparate components of the CDM's standards and procedures into the CDM project standard (PS), the validation and verification standard (VVS), the project cycle procedure (PCP) and procedures for the development of methodologies;
  - (b) The continuation of current work to overhaul the accreditation of designated operational entities (DOEs) to strengthen their performance and improve the efficiency of the system, building upon work initiated in 2012 to improve accreditation standards, the accreditation procedure and the DOE performance monitoring system, including a strategic assessment of whether current approaches are most appropriate to take the CDM forward;
  - (c) Improvements to the technical systems for the operation of the CDM, such as workflows for processing PoA submissions and the CDM information system.
29. The Board and secretariat need to continue interacting extensively with CDM stakeholders in undertaking such work. This includes building on recent improvements to its interaction with DOEs and project participants, which allow for ongoing evaluation of the needs of these two important groups of stakeholders and also provide periodic opportunities to adjust the workloads and priorities of the Board and the secretariat.

#### **4.2. Objective 2: Ensure the CDM makes a growing contribution to the mitigation of climate change and sustainable development of host countries**

30. The success of the CDM has been shown in its contribution to the mitigation of climate change in developing countries, with consequent reductions in mitigation costs for developed countries, and to the sustainable development of host countries.
31. The potential of the CDM to contribute to mitigation and sustainable development in the longer term is however far from exhausted, both as a stand-alone mechanism and as a means to support other collaborative measures by Parties. The Board needs, within the overall guidance of the CMP, to continue supporting the further development of the CDM in realizing this greater potential.
32. In this context, the CDM must be valued by Parties and policymakers as providing an accessible and user-friendly toolkit of credible standards and systems that may be widely applied in measuring the impacts of mitigation actions. This will serve to make use of the experience and lessons gained through the decade of operating the CDM, in particular as Parties seek further stronger solutions for channelling finance, technology and know-how into mitigation activities in developing countries.
33. The overall contribution of the CDM towards the sustainable development of communities and host Parties is currently less well understood than its contribution towards mitigation. This has been identified as an area of improvement that would enhance the value of the CDM as a policy instrument. In 2012, the Board adopted a voluntary tool that project participants may use to document and report the sustainable development contributions of their projects and PoAs.
34. The Board needs to assess and publish the information on sustainable development gathered through the voluntary tool. Once experience has been gained with the tool, it will be possible to gauge its effectiveness in highlighting information on sustainable development and, where appropriate, further develop the tool and/or encourage its use.
35. The Board has also been requested by the CMP, at its eighth session, to prepare recommendations on possible changes to the modalities and procedures for the CDM, drawing upon the experience gained to date by the Board, the secretariat and stakeholders in implementing the CDM.

#### **4.3. Objective 3: Further expand the geographic reach of the CDM**

36. The distribution of CDM projects has been an issue of concern for Parties since the first session of the CMP, and both the Board and the secretariat have received mandates over the years to support underrepresented countries in engaging in the CDM.
37. The Board and the secretariat have undertaken many measures to directly support designated national authorities (DNAs) and project participants in underrepresented countries, such as the establishment of the CDM loan scheme, the DNA Forum, training initiatives for DNAs, and the support of activities under the Nairobi Framework. Most recently, the secretariat has implemented a “help-desk” to identify and, where possible, assist in removing barriers for proposed CDM projects in countries with fewer than 10 registered CDM projects, and an initiative to help local partner organizations in providing on-the-ground support through regional collaboration centres.



38. The Board has provided further support through developing new approaches to the CDM which are particularly well suited to countries underrepresented in the CDM. These include the development of PoAs, standardized baselines, specific methodologies and tools, positive lists of technologies that allow some projects to be automatically deemed additional, and the incorporation of suppressed demand into methodologies.
39. The Board and the secretariat need to continue their work to enhance the geographical reach of the CDM by concentrating on practical activities, including:
- (a) Further developing standards and methodologies that are particularly suited to emission reductions and co-benefits in underrepresented countries and regions;
  - (b) Integrating approaches to suppressed demand in the CDM;
  - (c) Making the system for developing and approving standardized baselines fully operational;
  - (d) Strengthening the loan scheme;
  - (e) Developing capacity for key institutions that can make mitigation actions happen in these countries and sectors;
  - (f) Facilitating potential CDM projects, including collaboration with organizations at the regional level to leverage their capacity and resources.
40. Activities are also needed to enhance capacity among stakeholders in underrepresented countries and sectors and increase their access to the CDM. The secretariat's activities in working with PoAs undergoing validation in least developed countries in Africa and elsewhere will need to continue to help ensure the latest requirements of the CDM are well understood by coordinating/managing entities.

#### **4.4. Objective 4: Promote the use of, and safeguard the reputation of, the CDM as a mechanism for low carbon development**

41. The CDM has been a pioneer in a very complex field and subject to a diverse range of political interests over the last decade. Despite its success, as perceived by many stakeholders and as measured by the number of projects and CERs issued, the CDM has attracted much criticism. Much work remains to improve the system, and this is also addressed through work under the previous objectives. However, the sense of the Board and the high-level panel of the CDM policy dialogue is that much of the current perception does not take sufficient account of the significant improvements made to the CDM in the last years.
42. In light of the external factors affecting the CDM as outlined in section 2, it is becoming even more imperative for the Board to actively champion the CDM in a two-fold manner:
- (a) Ensure that the CDM is responsive to the needs of stakeholders, including those currently participating in the CDM and those who are not yet engaged, while maintaining its environmental integrity;
  - (b) Ensure that the benefits and strengths of the CDM are well understood by Parties, policymakers and current and future stakeholders through a programme of stronger and more proactive outreach and communication activities.

43. To achieve this, the Board needs to engage in greater and more structured dialogue with key stakeholders, policymakers and those critical of the CDM to inform them of the ongoing improvement of the mechanism and share information regarding its merits. This requires careful examination of the strengths and weaknesses of the CDM and how it can be positioned in the longer term for the return of significant demand to the carbon market. The conclusions drawn from such dialogue and assessment need to infiltrate all the work of the Board and the secretariat to improve the functioning of the CDM. Opportunities for potential collaboration with other bodies also need to be considered.
44. A programme of stronger and more proactive outreach and communication activities needs to include enhanced media engagement to ensure that media opportunities are used and that balanced views regarding the CDM are presented. It is also important to engage more strongly with the research and NGO communities. As part of this, the Board needs to share more information regarding the co-benefits of the CDM, such as the transfer and diffusion of technologies, enabling financing for mitigation and capacity-building at international, national and local levels.
45. The activities under this objective represent a long-term programme of work to develop an improved identity for the CDM as a responsive mechanism that is truly “fit for the future” as an effective and efficient collaborative tool for use by Parties and the private sector in delivering mitigation and sustainable development.

## Appendix 1. Management plan

### 1. Introduction

1. This MAP sets out the work, capacity needs and resource requirements necessary to implement the business plan during the 2013–2014 period. It provides details regarding the routine activities to support the operation of the CDM, the various projects, products and indicative timelines for non-routine work, and the human and financial resources to be managed by the secretariat.
2. The business plan discusses the overall context expected for the CDM over the next two years and its approach to addressing it. In particular, it sets out the following four objectives for work during 2013–2014:
  - (a) **Objective 1:** Provide for simplicity and predictability in the operation of the CDM and ensure the integrity of CERs;
  - (b) **Objective 2:** Ensure the CDM makes a growing contribution to the mitigation of climate change and sustainable development of host countries;
  - (c) **Objective 3:** Further expand the geographic reach of the CDM;
  - (d) **Objective 4:** Promote the use of, and safeguard the reputation of, the CDM as a mechanism for low carbon development.
3. This MAP has been developed to plan the delivery of work in fulfilment of these objectives. It benefits from the strengthened internal resource planning and project management methodologies now applied across the Sustainable Development Mechanisms (SDM) programme of the secretariat. This includes the comprehensive tracking of resource use in SDM over the previous MAP period, which now allows accurate resource needs to be estimated for the current period.
4. As called for in the business plan, this MAP implements precautionary cuts to the budget of 10 per cent below 2012 levels for 2013 and 14 per cent below 2012 levels in 2014. In determining the project work required to implement the objectives, this MAP includes a consideration of what activities are central to the functioning of the CDM, have been specifically requested by the CMP, and respond more generally to the responsibilities given by the CMP to the Board as part of its overall supervision of the CDM.
5. The implementation of the MAP will require the support structure to remain flexible, including panels and working groups operating under the Board and the levels and deployment of staff by the secretariat. A key challenge will be to ensure the retention of core staff capacity within the secretariat while nevertheless reducing costs over time. The secretariat is committed to addressing this challenge through the use of natural attrition, staff redeployment, cross-functional teams, improved use of technology, and reduced needs for physical meetings and travel.

## 2. Assumptions

6. The first assumption underlying this MAP is that the current uncertainty surrounding the future of the CDM will eventually be resolved and that the mechanism will continue to play a meaningful role in assisting Parties to address their mitigation needs.
7. The second assumption is that the secretariat will be able to retain core staff capacity as the level of CDM activity falls in the coming years, in particular with the expected reduction in project registrations. Much of the work outlined in this MAP involves the strategic development of the CDM in preparation for the return of more significant demand to the carbon market. If required, the secretariat can engage in training to ensure that relevant staff are fully equipped to undertake such work.

## 3. Focus areas

8. Having examined the objectives set out in the business plan, as well as the nature and purpose of work to be conducted under them, the secretariat has identified projects to be undertaken in the 2013–2014 period. It has organized these projects into five focus areas to allow it to effectively manage the consequent workload, control the delivery of products in the appropriate timeframes, and coordinate the links and the flexible deployment of staff across related work. This organization of work is consistent with the project governance structure applied across SDM and ensures the efficient use of resources by the secretariat.
9. The five focus areas are:
  - (a) Contribution to the strategic improvement of the CDM;
  - (b) Enabling of broader and deeper participation in the CDM;
  - (c) Continuing to operate the CDM efficiently and effectively;
  - (d) Promotion, outreach and stakeholder interaction;
  - (e) Development of appropriate tools and systems.
10. The following sections set out the work to be conducted under each area, including the description and benefits of each project, the business plan objective(s) to which it contributes, and the specific products to be delivered, together with indicative timelines and staff resources. For each area, the corresponding projects are expected to contribute to achieving the overall goal of the area as well as the underlying objectives.

### 3.1. Focus area 1: Contribution to the strategic improvement of the CDM

11. This area relates to improvements in the CDM of a potentially significant strategic nature that may have far-reaching implications for the operation of the mechanism. It includes work that may contribute to changes in the guidance on the CDM provided by the CMP, the further development of the Board's strategy regarding the CDM, and work that could significantly alter approaches to work adopted by the Board and/or the secretariat.
12. ***Project 182: Strategic direction of the CDM.*** This project is for the Board to elaborate the strategic direction for the development and use of the CDM as well as the interaction between the CDM and other measures being developed by Parties for collaborating on mitigation and contributing to sustainable development. It includes elements that the

Board can pursue of its own accord where these are within the overall guidance set by the CMP, and will also include the preparation of recommendations for possible changes to the modalities and procedures for the CDM. It is expected to contribute to a CMP decision to revise the modalities and procedure of the CDM, increased acceptance of CERs under emissions trading systems, and agreement about the use of the CDM and its standards in conjunction with other collaborative mitigation measures agreed under the UNFCCC.

*Benefit:* Continuing role for the CDM as a collaborative tool for Parties and the private sector.

*Business plan objective:* 1, 2, 3, 4.

13. **Project 149: Sustainable development benefits of CDM projects.** This project is to ensure the operationalization of the voluntary reporting tool on sustainable development adopted by the Board at EB 70, evaluate its use and report to the CMP at its ninth session, and review and potentially adjust the tool on the basis of experience gained.

*Benefit:* Improved reporting on sustainable development benefits of the CDM.

*Business plan objective:* 2.

14. **Project 95: Staged improvement of the quality management system (QMS).** This project is to continue the implementation of a full QMS for the work of the secretariat in support of the CDM, in a staged manner by initially defining and operating the QMS in selected areas of the SDM's work and subsequently extending it across other work.

*Benefits:* More consistent and predictable internal processes for delivering on time, in scope and within agreed costs and quality standards; improved efficiency in the conduct of work; expedited knowledge transfer to newly recruited and re-assigned staff; provision of a basis for continuous improvement of internal processes; common baseline for major improvement interventions.

*Business plan objective:* 1, 4.

15. **Project 163: Improve the performance and role-definition of DOEs within the CDM.** This project is to improve the accreditation of DOEs to strengthen their performance and improve the efficiency of the system by amending the accreditation standard, accreditation procedure and the DOE performance monitoring system, and undertake a strategic assessment of whether current approaches are most appropriate.

*Benefit:* Consistency of accreditation decisions; improved DOE performance; alignment of accreditation procedures with international practices; increased number of DOEs; reduced accreditation costs for the Board and DOEs.

*Business plan objective:* 1, 4.

**Table 1. Focus area 1 products and resources**

<b>Project title</b>	<b>Product</b>	<b>Indicative timeline</b>	<b>Board consideration</b>	<b>Person months</b>
<b>Strategic direction of the CDM: 182</b>	Concept note on the strategic direction of the CDM	Q1 2013	No	11.5 (P) 1.0 (G)
	Analysis of potential regulatory changes (internal product)	Q2–2013	No	
	Concept note on potential amendments to the CDM modalities and procedures	Q2–2013	No	
	Draft recommendation to the CMP on the modification of modalities and procedures.	Q4–2013	Yes	
<b>Sustainable development benefits of CDM projects: 149</b>	IT development of the tool within SDM-IS	Q1–Q3 2013	No	6.8 (P) 0 (G)
	Concept note (information note) on the review of the application of the voluntary tool for highlighting sustainable development co-benefits of CDM project activities and programmes of activities	Q3–Q4 2013	Yes	
	Amendment of the tool if required based on the review.	2013–2014	No	
<b>Staged improvement of the quality management system (QMS): 95</b>	Quality management framework	Q1–Q2 2013	No	17.8 (P) 7.0 (G)
	Gap analysis	Q1–Q2 2013	No	
	Support tools and templates	Q1–Q2 2013	No	
	SDM-level policies	Q2–2013	No	
	Quality objectives	Q2–2013	No	
	IT system	Q4–2013	No	

Project title	Product	Indicative timeline	Board consideration	Person months
<b>Improve the performance and role-definition of operational entities within the mechanism, including through revised standards and procedures: 163</b>	Revision of the accreditation standard	Q3–Q4 2013	Yes	16.0 (P) 5.0 (G)
	Revision of the accreditation procedure	Q1–Q2 2013	Yes	
	Revision of the DOE performance monitoring procedure	Q1–Q2 2013	Yes	
	Integration / alignment of CDM /JI accreditation processes	Q3–Q4 2013	No	
	Improving current operations of the CDM accreditation process	Q3–Q4 2013	No	
	Strategic assessment of the future of the accreditation system in consideration of external factors	Q3–Q4 2013	No	

### 3.2. Focus area 2: Enabling broader and deeper participation in the CDM

16. This area relates to measures that expand the reach of the CDM by enhancing the distribution of projects, project types and programmes in countries, regions and sub-regions that are underrepresented in the CDM. It includes the development of a toolkit of approaches, standards and methodologies to facilitate broader participation and the enhancement of the capacity of key institutions in project design and implementation.

17. **Project 110: Standardized baselines.** This project involves elaborating standardized baselines, which enable significant reductions in the effort, cost and time required for project development and assessment, as well as building the capacity of stakeholders to develop and implement them. It envisions the completion and further improvement of the regulatory framework governing standardized baselines, tools to support the development of standardized baselines and Board approval of five standardized baselines from underrepresented regions. The project is expected to contribute to the broader goal of a reduction by 10 per cent of the number of countries with fewer than 10 projects, as compared with 2012.

*Benefit:* Reduced effort, cost and time for project development/assessment; scaled-up emission reductions from underrepresented countries, regions and sub-regions.

*Business plan objective:* 3.

18. **Project 120: Guidelines on standardized approaches for determining baselines.** This project contemplates work to develop/simplify at least ten standards and methodologies relevant to low-income communities.

*Benefit:* Enhanced consistency and simplification of standards and methodologies; reduction of the cost of methodology development.

*Business plan objective:* 3.

19. **Project 127: Implementation of PoA standards and procedures.** This project implements PoA standards and procedures through, inter alia, revising and simplifying methodologies, standards, and procedures. It aims to contribute to an increase of 20 per cent as compared to 2012 of PoA-related mitigation activities in underrepresented countries, regions and sub-regions.

*Benefit:* Mobilization of emission reduction potential from very small projects relevant to low income communities; streamlined CDM project cycle.

*Business plan objective:* 3.

20. **Project 146: Top-down large-scale methodologies using standardized approaches.** This project is to simplify certain tools used in methodologies and also aims to adopt specific methodologies that promote greater use and take-up of the CDM.

*Benefit:* Enhanced contribution to sustainable development; broader access to the CDM.

*Business plan objective:* 3.

21. **Project 164: Further standardization in the demonstration of additionality.** The project aims to simplify and streamline additionality approaches for projects and PoAs in underrepresented regions while ensuring environmental integrity. Examples include the distribution of efficient household/SME applications and emission reduction measures in the waste sector.

*Benefit:* Simplified procedures and objective criteria to demonstrate additionality, thereby facilitating the implementation of projects and PoAs in sectors most relevant to underrepresented countries.

*Business plan objective:* 3.

22. **Project 191: Development and publication of afforestation/reforestation (A/R) CDM Manual.** This project involves measures to enhance mitigation from A/R projects through improving accessibility to relevant standards and facilitating potential projects.

*Benefit:* Enhanced mitigation; increased accessibility to relevant standards; support for project development.

*Business plan objective:* 3.

23. **Project 197: Regional collaboration centres.** This project establishes and operates regional collaboration centres for the purposes of identifying gaps in skills among project developers and key institutions, building capacity to design and implement CDM projects, and supporting the development of new projects and PoAs.

*Benefit:* Greater capacity for local institutions; provision of support for participation by underrepresented countries; gathering of knowledge about on-the-ground realities to drive improvements in the regulatory framework.

*Business plan objective:* 3.



24. **Project 200: Improving participation of LDCs in the CDM.** This project elaborates measures to increase the participation of LDCs in the CDM, including increased support and improvements to the regulatory framework.

*Benefit:* Enhanced regional distribution of the CDM.

*Business plan objective:* 3.

25. **Project 203: Improving the guideline on materiality.** This project involves the assessment of lessons learnt by DOEs and PPs from the application of materiality in verification, with a view to providing a basis for the revision of the guidelines.

*Benefit:* Improved application of materiality in verification.

*Business plan objective:* 3.

26. **Project 204: Enhancement of cost-effectiveness of A/R standards.** The project considers the possible incorporation of remote sensing methods and other cost-effective methods in A/R CDM standards. It also considers the possible flexibility in the timing of the verification of A/R projects during a crediting period, while ensuring consistency with the principles of temporary certified emission reductions.

*Benefit:* Use of more cost-effective approaches in A/R methodologies. Possible flexibility in the timing of the verification of A/R projects during a crediting period.

*Business plan objective:* 3.

**Table 2. Focus area 2 products and resources**

Project title	Product	Indicative timeline	Board consideration	Person months
<b>Standardized baselines (SB): 110</b>	Guidelines and/or software for the determination of sector-wide baseline emission factors in consultation with the practitioners including industrial associations	Q1–Q4 2013	Yes	<b>62.0 (P) 10.0 (G)</b>
	Development of FAQ and revision of SB framework based on application of SB framework in some sectors and in collaboration with relevant practitioners and other standard-setting bodies	Q3 2013	Yes	

Project title	Product	Indicative timeline	Board consideration	Person months
	Development and implementation of work programme on implementation of standardized baselines for transportation projects	Q3 2013-Q3 2014	Yes	
	Development and implementation of work programme on implementation of standardized baselines for A/R projects	2013–2014	Yes	
	Workflows for the submission of standardized baselines	Q1-Q2 2013	No	
	Web-based system for standardized baselines	Q1–Q2 2013	Yes	
	Development of the database and software on the levelized cost and efficiency of technologies	Q4 2013-Q3 2014	Yes	
	Annex to the guidelines defining vintage of the relevant data and frequency of update of the relevant parameters	Q3–2013	Yes	
	Internal training/revision of internal processes	Q4–2013	No	
	Update of the guidelines for determination of thresholds on baseline and additionality (or development of additional guidelines, where required)	Q4–2013	Yes	
	Development of the guidelines for establishment of the standardized baselines for transport projects	Q1–Q2 2013	Yes	

Project title	Product	Indicative timeline	Board consideration	Person months
	Procedure on revision, clarification and update of standardized baselines	Q2–2013	Yes	
	Top-down development of thresholds for baseline and additionality for some sectors/ countries, based on the data provided	Q1–Q4 2013	Yes	
	Update of existing data templates and development of new data templates for new sectors, in consultation with sectoral experts and practitioners.	Q4–2013	No	
<b>Guidelines on standardized approaches for determining baselines: 120</b>	Revision of methodologies (10 in number)	Q1–Q4 2013	Yes	<b>9.0 (P) 2.0 (G)</b>
<b>Implementation of PoA standards and procedures: 127</b>	Revised large-scale methodologies to improve POA provisions	Q1–Q4 2013	Yes	<b>12.5 (P) 3.5 (G)</b>
	Revised simplified POA standards (CME management system, erroneous inclusion)	Q2–Q3 2013	Yes	
	New or revised simplified procedure for POA project cycle (start date, real case CPA-DD, post-registration changes, LOA, forms and templates, crediting period).	Q2–Q3 2013	Yes	
	Best practices examples for sampling eligibility criteria	Q3–Q4 2013	Yes	

Project title	Product	Indicative timeline	Board consideration	Person months
	Report on possible involvement of the regulatory body in the setting of eligibility criteria for some types of POA	Q2-Q3	Yes	
<b>Top-down large-scale methodologies using standardized approaches: 146</b>	Revision of grid emission factor tool to simplify the calculation of off-grid component using standardized approaches	Q1-Q2 2013	Yes	<b>9.0 (P) 2.8 (G)</b>
	Methodology using standardized approaches for energy efficiency in buildings	Q2-Q3 2013	Yes	
	Energy efficiency methodology for small scale	Q2-Q3 2013	Yes	
<b>Further standardization in the demonstration of additionality: 164</b>	Work programme for further standardization in the demonstration of additionality	Q2 2013	Yes	<b>16.0 (P) 2.2 (G)</b>
	Revised large scale methodologies for distributed applications	Q3 2013–Q4 2013	Yes	
	Revised large scale methodologies for the waste sector	Q4 2013–Q1 2014	Yes	
	Positive lists of technologies for underrepresented countries	Q4 2013–Q3 2014	Yes	
<b>Development and publication of A/R CDM manual: 191</b>	Report on operations	Q1-Q4 2013	Yes	<b>3.5 (P) 0.0 (G)</b>
<b>Regional collaboration centres: 197</b>	Strengthened partnerships with organizations at regional level	Q1-Q2 2013	No	<b>125.0 (P) 12.0 (G)</b>

Project title	Product	Indicative timeline	Board consideration	Person months
	Implementation of operations	Q1-Q4 2013	No	
	Report on operations	Q4–2013	No	
<b>Improving participation of LDCs in the CDM: 200</b>	Recommendation for increasing the number of projects in LDCs	Q1–Q4 2013	No	<b>4.0 (P) 1.5 (G)</b>
	Implementation of the recommendations	Q1-Q4 2013	No	
<b>Improving the guideline on materiality: 203</b>	Revised guideline on the application of materiality in verifications	Q3-2013	Yes	<b>9.0 (P)</b>
<b>Enhancement of cost-effectiveness of A/R standards: 204</b>	Revision of one or more A/R methodological standards	Q3-2013	Yes	<b>6.0 (P)</b>
	Report from the EB to the CMP.9 on the outcome of the consideration	Q3-2013	Yes	

### 3.3. Focus area 3: continue to operate the CDM efficiently and effectively

27. This area addresses work that the Board has identified as necessary to achieve greater efficiency and effectiveness while safeguarding environmental integrity. These projects aim to improve the mechanism in a manner that meets the needs of stakeholders as well as the expectations of the outside world.

28. **Project 118: Standardized forms and guidelines for completing validation and verification reports.** This project involves the publication of standardized forms and guidelines at various stages in the project cycle, as set out in table 3.

*Benefit:* Greater consistency, simplicity and efficiency; faster processing of requests for registration and issuance.

*Business plan objective:* 1.

29. **Project 134: Development of a consolidated procedure for the methodology development process.** This project completes the implementation of the consolidated procedure for the development of methodologies, as adopted by the Board in 2012.

*Benefit:* Greater consistency and user-friendliness.

*Business plan objective:* 1.

30. **Project 150: Governance management related to the Board.** This project contains measures for the effective management of the Board's workload and for improvements to the consistency of its decision-making.
- Benefit:* Improved transparency, accountability and credibility; better management of the Board's workload; improved consistency of decision-making.
- Business plan objective:* 1.
31. **Project 160: Operationalizing carbon capture and storage (CCS).** This project involves support for the implementation of CCS projects in the CDM through the design and implementation of required standards and procedures.
- Benefit:* Enabling conditions for project development in new sector.
- Business plan objective:* 1.
32. **Project 180: Revision and improvement of the PS, VVS and PCP.** With the experience gained from their first year of operation, this project incorporates various measures to improve, simplify, and clarify the PS, VVS and PCP.
- Benefit:* Greater clarification, transparency, and accessibility.
- Business plan objective:* 1.
33. **Project 195: Monitoring guidance (methodologies).** This project comprises the provision of solutions and best practices for dealing with the calibration, operation and maintenance of measurement equipment in countries with no accredited laboratories, primarily through simplifying monitoring requirements in those countries.
- Benefit:* Decrease in number of requests for deviation and requests for clarification.
- Business plan objective:* 1.
34. **Project 201: Development of a streamlined process for dealing with queries from stakeholders.** This project involves the development of a means to streamline the stakeholder response process.
- Benefit:* Efficient and timely responses to stakeholders; avoidance of duplication of work and prevention of contradictory responses.
- Business plan objective:* 1.

**Table 3. Focus area 3 products and resources**

<b>Project title</b>	<b>Product</b>	<b>Indicative timelines</b>	<b>Board consideration</b>	<b>Person months</b>
<b>Standardized forms and guidelines for completing validation and verification reports: 118</b>	Guidelines for completing the validation report form for CDM project activities at registration, the assessment opinion form for post registration changes, the validation report form for renewal of crediting period, the verification and certification report form for CDM project activities, the validation report form for CDM PoAs at registration, the validation report form for a inclusion of component project activity in a PoA, the verification and certification report form for PoAs and component project activities, and the monitoring report form for component project activities in a PoA.	Q1-Q3 2013	Yes	<b>2.5 (P) 0.5 (G)</b>
<b>Development of a consolidated procedure for the methodology development process: 134</b>	Revised IT workflow	Q1-Q4 2013	No	<b>3.5 (P) 0.5 (G)</b>
	Internal procedure	Q1–2013	No	
	Internal staff training	Q1–2013	No	
<b>Governance management related to the Board: 150</b>	Products that may be required by CMP/Board/Joint Implementation Supervisory Committee(JISC) mandates	Q1-Q4– 2013	Yes	<b>5.0 (P) 3.0 (G)</b>
	Extension of the Board/JISC Codes of Conduct to their respective panels and working groups	Q1-Q4 2013	Yes	

<b>Project title</b>	<b>Product</b>	<b>Indicative timelines</b>	<b>Board consideration</b>	<b>Person months</b>
	Development of a harmonized system to deal with governance issues of panels, working groups and experts working for the Board/JISC.	Q1-Q4 2013	Yes	
<b>Operationalizing carbon capture and storage (CCS): 160</b>	Procedural requirements for CCS project activities for integration in the PCP	2013–2014	Yes	<b>6.0 (P) 1.0 (G)</b>
	Requirements for the validation and verification of CCS project activities for integration in the VVS	2013–2014	Yes	
	Requirements for the design and implementation/monitoring of CCS project activities for integration in the PS	2013–2014	Yes	
<b>Revision and improvement of the PS, VVS and PCP: 180</b>	Concept note on the result of the analysis carried out across the secretariat including the input from relevant stakeholders on the needs for revisions identified in the three documents	Q1–Q2 2013	Yes	<b>10.0 (P) 0.0 (G)</b>
	Revised versions of the PCP, PS and VVS	Q3-Q4–2013	Yes	
<b>Monitoring guidance (methodologies): 195</b>	Monitoring guidelines on how to deal with measurement issues that appear during the monitoring of CDM project activities	Q1-Q4 2013	Yes	<b>4.0 (P) 1.0 (G)</b>
<b>Development of a streamlined process for dealing with queries from stakeholders: 201</b>	Streamlined process for dealing with queries from stakeholders	Q1-Q3 2013	Yes	<b>3.0 (P) 0.0 (G)</b>



### 3.4. Focus area 4: Promotion, outreach and stakeholder interaction

35. This area relates to measures to engage with external stakeholders that shape opinions about the CDM and that influence decisions made about its future. These measures include means to gather information in order to support the continuous improvement of the CDM and also means to improve the perception of the CDM with a view to promoting the use of the CDM as a tool for mitigation and sustainable development.

36. **Project 128: Implementation of a feedback mechanism in the communication procedure.** This project is to implement a systematic approach to collecting, distributing internally, and reporting on action taken in response to stakeholder inputs.

*Benefit:* Enhanced ability of the Board to make informed decisions; facilitation of work to improve the CDM.

*Business plan objective:* 4.

37. **Project 170: Enhanced media engagement.** This project aims to enhance media engagement procedures and plans in order to ensure a balanced representation of the CDM in the media with a fair and accurate representation of the CDM's benefits.

*Benefit:* Increased amount and quality of reporting on the CDM; increased awareness and accurate understanding about the mechanism.

*Business plan objective:* 4.

38. **Project 183: CDM perception and reputation management.** This project aims to assess perceptions and put in place best practices to safeguard the reputation of the CDM as a mechanism for low carbon development.

*Benefit:* Greater understanding among stakeholders, national policymakers, developers of new carbon mechanisms and Parties regarding the value of the CDM; systems/practices to enhance and safeguard the reputation of the CDM; increased trust and loyalty among stakeholders.

*Business plan objective:* 4.

39. **Project 199: Dialogue with carbon market policymakers.** This project aims to ensure an effective dialogue with carbon market policymakers, with a view to making them aware of the benefits of the CDM and promoting greater use of the mechanism as a tool for mitigation and sustainable development.

*Benefit:* Increased demand for, and use of, the CDM.

*Business plan objective:* 4.

**Table 4. Focus area 4 products and resources**

Project title	Product	Indicative timeline	Board consideration	Person months
<b>Implementation of a feedback mechanism in the communication procedure: 128</b>	Feedback mechanism for the communication procedure	Q1-Q4 2013	No	<b>3.0 (P) 0.0 (G)</b>
<b>Enhanced media engagement: 170</b>	Media engagement strategy and implementation plan	Q1–2013	No	<b>2.0 (P) 1.0 (G)</b>
	LDC media engagement strategy and implementation plan	Q1–2013	No	
	Focused media lists	Q1–2013	No	
<b>CDM perception and reputation management: 183</b>	CDM perception barometer	Q4–2013	No	<b>10.5 (P) 3.0 (G)</b>
	Focus groups	Q4-2013	No	
	Stakeholder perception reports	Q2-2013	Yes	
	Perception video clips	Q4-2013	Yes	
	Input to vision, mission and values statements	Q4-2013	Yes	
	Promotional videos	Q4–2013	No	
<b>Dialogue with carbon market policy makers: 199</b>	Strategy for dialogue with carbon market policy makers	Q1–2013	No	<b>8.0 (P) 1.5 (G)</b>
	Implementation reports	Q4–2013	No	

### 3.5. Focus area 5: development of appropriate tools and systems

40. This area relates to the development and implementation of tools and systems that are appropriate for the changing needs of the CDM. Such tools and systems should enhance efficiency through reducing effort and cost per transaction for targeted processes (such as in the areas of PoAs and stakeholder communication) and also improve the quality and timeliness of outputs.
41. ***Project 56: Improve co-ordination of activities related to regional distribution, including through the Nairobi Framework partnership.*** This project aims to engage relevant agencies in relation to activities that promote the regional distribution of the CDM, including by reinvigorating the Nairobi Framework.

*Benefit:* Promotion of the CDM in underrepresented countries and regions.

*Business plan objective: 1.*

42. **Project 135: Review and upgrade the CDM registry.** This project proposes several technical changes to the CDM registry (e.g. granting account holders direct, secure and reliable access to information pertaining to their accounts).

*Benefit:* Greater efficiency in processing forwarding transactions from holding accounts; increased transparency and clarity in CDM registry operations; improved information services for carbon market participants; gathering of information to inform decisions about future modifications to CDM registry operations.

*Business plan objective: 1.*

43. **Project 136: Support of issuance at the end of the commitment period.** This project completes the interfaces needed to manage issuance across the transition between Kyoto's first and second commitment period.

*Benefit:* Enable issuances for the next commitment period.

*Business plan objective: 1.*

**Table 5. Focus area 5 products and resources**

<b>Project title</b>	<b>Product</b>	<b>Indicative timeline</b>	<b>Board consideration</b>	<b>Person months</b>
<b>Improve co-ordination of activities related to regional distribution, including through the Nairobi Framework partnership: 56</b>	Online mechanism for information-sharing among partners	Q1-Q2 2013	No	<b>1.3 (P) 0.5 (G)</b>
<b>Review and Upgrade of the CDM Registry: 135</b>	New IT component	Q3–2013	No	<b>3.6 (P) 0.4 (G)</b>
	IT equipment	Q3–2013	No	
	CDM registry procedure	Q1–2013	No	
	Cancellation mechanism for units issued	Q3–2013	No	
	Search tool for tracking CERs to projects/PoAs/CPAs and issuance requests	Q3–2013	No	
	External review on the CDM registry business procedure and operations	Q4 2013	No	
<b>Support of issuance at the end of the commitment period: 136</b>	IT workflow for monitoring periods covering both commitment periods	Q1–2013	No	<b>0.1 (P) 0.1 (G)</b>
	CDM-IS interface with CDM registry relating to monitoring periods covering both commitment periods	Q1–2013	No	

### **3.6. SDM information system (IS)**

44. The CDM's legacy information system was developed in-house and, while providing adequate support to the CDM in the initial stages of the mechanism, now constrains its future evolution. The new SDM IS will be a major improvement in processes and the

information technology required for the CDM to be fit for the future. Launched in 2012 with a view to completing implementation by 2014, it continues as a one-off project and is not included in a specific focus area.

45. **Project 105: SDM information system (IS).** This project includes a modern IT platform and development structures on which continuous business improvement can be implemented in a future-proof, flexible and efficient way to support the CDM “time to market”. It is expected to result in a reduction by 70 per cent in the systems implementation time of a typical workflow to deliver new and change procedures, a reduction by 90 per cent of time to upload documents, the faster delivery of websites with more functionality, a reduction by 90 per cent in effort in finding documents and records, a reduction to one business day of time taken to generate regular reports after close of reporting period, 99.9 per cent availability of IT solution during agreed service hours, and improvement of 90 per cent of performance of IT solution responsiveness.

*Benefit:* New and enhanced functionality; simplification of day-to-day business processes leading to more responsive services to SDM customers; greater transparency in the work of the SDM programme in support of the mechanisms; modern and efficient collaboration with stakeholders; compliance with the secretariat's record management policy and a reduction of effort spent on record management; improved near-to-real time management information; better information to understand and manage work; operation to an agreed service level.

*Business plan objectives:* 1, 4.

**Table 6. SDM IS products and resources**

Project title	Product	Indicative Timelines	Board consideration	Person months
<b>SDM-IS: 105</b>	SDM Information System	2013–2014	No	<b>86.3 (P) 14.5 (G)</b>

#### 4. Routine operations

46. The implementation of the business plan requires not only the above projects but also routine operations that must be performed as part of the ongoing operation of the CDM. Although these routine operations are often cross-cutting in nature, they may be grouped according to the Board objective for which they make the most substantive contribution. Tables 7–10 set out these routine operations according to the four Board objectives.

**Table 7. Routine operations supporting Board objective 1**

Identification number – description	G staff	P staff
CS001 – Supporting the efficient operation of the Executive Board	43	51
CS-002 – Supporting the efficient operations of panels and working groups	49	39

Identification number – description	G staff	P staff
CS-005 – Supporting the activities of the DOE/AIE Forum	0	15
CS-006 – Assessment of compliance with CDM requirements relating to project submissions	108	595
CS-011 – Courses and learning interventions delivered and evaluated according to portfolio	14	25
CS-012 – Effective implementation of procedures on consideration of proposed new methodologies, including requests for revision and clarification	21	67
CS-013 – Maintenance of the CDM registry and data systems	153	39
CS-015 – Implementing DOE performance monitoring system	1	9
CS-018 – Assessment of compliance with CDM requirements relating to entity submissions	15	119
CS-019 – Responding to case-specific stakeholder inquiries	6	4
CS-101 – Managerial and supervisory time	97	140
CS-109 – Top-down revision of standards (methodology, PS, VVS)	5	36
CS-110 - Development and maintenance of positive list for demonstration of additionality of SSC projects	1	2
CS-111 - Maintain SDM portfolio, monitor and report on SDM projects and routine activities	25	44
CS-112 - Regional calibration workshops for DOE/AE (3 workshops)	6	24
CS-115 - Implement the "feedback mechanism" in the direct communication procedure	4	18
CS-126 - Provide ongoing financial support according to best practices	101	18
CS-127 - Provide ongoing human resources support according to best practice	22	22
CS-130 - E-mail, SDM network drive (G drive) and network resource management	11	5

<b>Identification number – description</b>	<b>G staff</b>	<b>P staff</b>
CS-131 - Official document management, including cataloguing and indexing regulations	16	29
CS-132 – Managing the documents and records of SDM, developing the functional requirements and maintaining the document and record systems	11	26
CS-133 – Managing SDM sensitive information assets	5	5
CS-135 – Business analysis outside of SDM projects	0	4
CS-136 – ITS relationship management	0	4
CS-137 – Support of the QMS	0	2
<b>Total resource needs (person months)</b>	<b>714</b>	<b>1342</b>

**Table 8. Routine operations supporting Board objective 2**

<b>Identification number - routine activity title</b>	<b>G staff</b>	<b>P staff</b>
CS-105 – Assessment of bottom-up submissions of standards (standardized baselines, A/R methodologies, CCS methodologies, small-scale and large-scale non-CCS, non-A/R)	18	50
CS-121 – Carbon market reports	4	16
CS-122 – Impact and benefits of the international (UNFCCC) carbon mechanisms	2	10
<b>Total resource needs (person months)</b>	<b>24</b>	<b>76</b>

**Table 9. Routine operations supporting Board objective 3**

<b>Identification number – Routine activity title</b>	<b>G staff</b>	<b>P staff</b>
CS-016 – Coordination of secretariat activities related to regional distribution	13	20
CS-102 – Ongoing administration of the Learning Management System ( LMS)	11	2
CS-104 – Production of dynamic lists of speaking points about CDM	0	5
CS-107 – Ongoing support for training, capacity-building and hand-holding exercise on standardized baselines with DNAs and project participants	1	4

Identification number – Routine activity title	G staff	P staff
CS-113 – Preparation and publication of summary reports of each Board meeting in all six official United Nations languages	0	6
CS-114 – Implement direct support for project development in underrepresented regions including CDM projects' help desk	0	50
CS-116 – Improve coordination of activities related to regional distribution, including through the Nairobi Framework partnership	0	18
CS-117 – Implement the DNA help desk for underrepresented countries and regions for providing support in SBs, MA and GEF	0	41
CS-118 – Manage and monitor the implementation of the CDM loan scheme by UNOPS	2	11
<b>Total resource needs (person months)</b>	<b>27</b>	<b>157</b>

**Table 10. Routine operations supporting Board objective 4**

Identification number – Routine activity title	G staff	P staff
CS-007 – Development and approval of the MAP and Board/JISC two-year business plan	4	14
CS-008 – Consolidation of the budget and quarterly reporting	11	9
CS-010 – Communication and outreach – CDM	23	49
CS-014 – Facilitate defined interactions between the Board, secretariat and stakeholders	28	86
CS-108 – Support to negotiations on standard-related issues	2	4
CS-128 – Maintain statistical information on internal and external platforms	16	22
<b>Total resource needs (person months)</b>	<b>84</b>	<b>184</b>

47. The secretariat effort to execute this MAP (i.e. to deliver the products shown in tables 1–6 and to undertake the routine operations shown in tables 7–10) amounts to a total of 2,215.9 person months of professional staff and 923 person months of general services (support) staff time. A contingency of 176 person months of professional staff and 61 person months of general services (support staff) is added to cover possible additional projects or new mandated activities which could happen during the two-year period.
48. Table 11 synthesizes the effort required in person-months for 2013–2014.



**Table 11. Overview of the secretariat effort required for 2013–2014**

Area	G staff	P staff
Focus area 1: Contribute to the strengthening of the foundation for future carbon markets	13	52.1
Focus area 2: Enabling broader and deeper participation	34	256
Focus area 3: Continue to operate the CDM efficiently and effectively	6	34
Focus area 4: Promotion, outreach and stakeholder interaction	5.5	23.5
Focus area 5: Development of appropriate tools and systems	1.0	5.0
Project 105: SDM-IS	14.5	86.3
Routine operations	849	1759
Contingency	61	176
<b>Total (person months)</b>	<b>984</b>	<b>2391.9</b>

49. The number of staff required for 2013–2014, as displayed in Table 11, will ensure that the secretariat has the necessary capacity to undertake the work planned in this MAP.

## 5. Critical success factors

50. The **first critical success factor** is that the Board manages its policy and case workload in an appropriate and more executive manner, dedicating time at meetings to the policy issues related to the CDM that help ensure that the mechanism continues to play a meaningful role in the post-2012 environment.
51. The **second critical success factor** is that the Board schedules periodic reviews of the status of implementation of its business plan in order to allow the mid-course corrections of priorities that will be required as the future direction of the mechanism is clarified.
52. The **third critical success factor** is that the Board support structure maintains the required capacity and capability to deliver high-quality and timely inputs, so as to allow the Board to confidently make appropriate decisions in an efficient manner.
53. The **fourth critical success factor** is that DOE performance further improves as data and skills enhancement opportunities are made available to DOEs accompanied by the necessary incentives and/or sanctions required to improve compliance with CDM requirements and further reduce the time used to address poor quality submissions.
54. To manage the risks associated with these factors and future uncertainty in the demand for the CDM's products and services, the Board will need to periodically review its own performance and that of its support structure. The creation of appropriate monitoring

systems within the secretariat has already allowed the production of periodic reports. These systems will be strengthened so that these reports can assist the Board in managing the risks associated with each critical success factor.

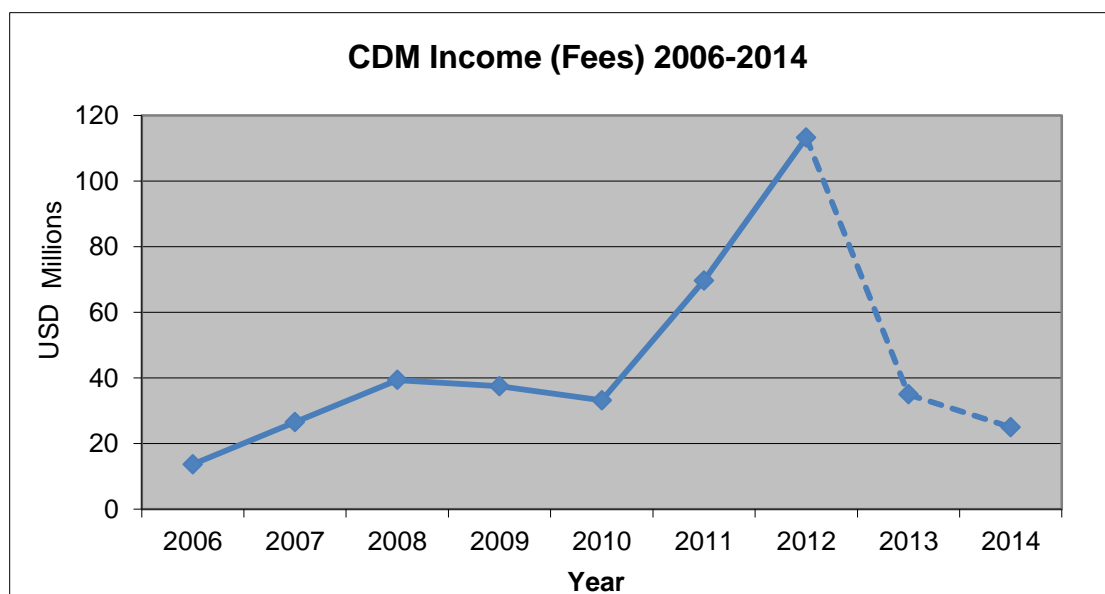
## 6. 2013–2014 programme budget

55. This chapter provides details on expected income in 2013 and 2014 and the proposed budget required for the two same period to ensure that planned projects deliver the products according to schedule and routine operations continue.

### 6.1. Income

56. The SDM programme of work in support of the CDM will again be funded from fees and the share of proceeds (SOPs), which are estimated at USD 35 million for 2013- a substantial decrease (69 per cent) when compared to the income for 2012. Income for 2014 is expected to decline even further to USD 25 million (see figure 1). The significant drop in income can be attributed to an expected decrease in project submissions related to registrations (see figure 1) after 2012, that is after the end of the first commitment period of the Kyoto Protocol. However, the projected income for 2013–2014 and the accrued income from prior years is sufficient to fund the SDM programme of work for the CDM for the two-year period of this MAP.
57. Figure 1 provides details of the income received from fees and share of proceeds for the period 2006 to 2012. The dramatic increase in income for 2012 should be noted. Projections are also included for the period 2013 and 2014.

**Figure 1. Income from fees and share of proceeds (in USD)**



### 6.2. 2013 – 2014 budget

58. The proposed budget for the two-year period of the business plan and MAP is USD 74.9 million. The 2013 component amounts to USD 38.3 million, a decrease of USD 4.2 million (10%) when compared to 2012. The 2014 component of the budget

amounts to a total of USD 36.5 million, a decrease of USD 1.8 million when compared to 2013 and an overall decrease of USD 6.0 million (14%) compared to 2012 (See table 12 below).

Table 12. Comparison of budgets 2012, 2013–2014 (in USD)

Object of Expenditure	Budget 2012*	2013			2014		
		Budget	Difference	%	Budget	Difference	%
<b>Staff</b>	20,060,885	18,812,758	-1,248,127	-6%	18,613,374	-199,385	-1%
<b>General Temporary Assistance</b>	191,304	188,128	-3,176	-2%	186,134	-1,994	-1%
<b>Consultants</b>	1,574,188	1,475,726	-98,462	-6%	1,297,970	-177,757	-12%
<b>Expert Fees</b>	1,745,740	1,019,080	-726,660	-42%	793,664	-225,416	-22%
<b>Expert Travel</b>	1,714,471	1,082,797	-631,674	-37%	964,989	-117,808	-11%
<b>Staff-related costs</b>	61,037	62,420	1,383	2%	59,539	-2,880	-5%
<b>Travel of Representatives</b>	2,078,802	1,262,234	-816,568	-39%	1,288,907	26,673	2%
<b>Travel of Staff</b>	871,090	408,546	-462,545	-53%	456,062	47,516	12%
<b>Training &amp; Skills Development</b>	837,422	540,647	-296,775	-35%	540,647	0	0%
<b>Operating Expenses</b>	7,855,503	8,674,147	818,644	10%	7,706,038	-968,108	-11%
<b>Mobile telecommunication</b>	72,900	49,400	-23,500	-32%	49,400	0	0%
<b>Supplies</b>	235,000	35,000	-200,000	-85%	35,000	0	0%
<b>EB Grants</b>	357,000	357,000	0	0%	357,000	0	0%
<b>Sub-total</b>	37,655,342	33,967,882	-3,687,460	-10%	32,348,723	-1,619,159	-5%
<b>Programme Support 13% Overhead</b>	4,895,194	4,415,825	-479,370	-10%	4,205,334	-210,491	-5%
<b>Total</b>	<b>42,550,536</b>	<b>38,383,707</b>	<b>-4,166,830</b>	<b>-10%</b>	<b>36,554,057</b>	<b>-1,829,650</b>	<b>-5%</b>

59. Staff costs continue to be the major component of the proposed budget at just under 54 per cent. However, these costs are expected to decrease in 2013 and 2014, as explained in section 7. In addition, the completion of the recruitment exercise has provided a more accurate budgetary figure as there is no longer a need for the complex estimation process required given the time lag between the Board approval of posts and the posts successfully being filled.
60. Operating expenses for 2013 and 2014 are approximately USD 8.6 million and 7.6 million respectively compared to about 7.86 million in 2012. The modest increase of about 760,000 USD in 2013 budget over 2012 was due in part to increase in costs associated with an engagement agreement for meeting support and IT services. Operational expenses for 2013 also include operating costs to support collaboration with regional partners in facilitating project development in underrepresented countries.
61. Regarding expert fees, a decrease of 42 per cent (USD 726,000) is proposed in 2013 compared to 2012 and a further reduction of 22 per cent (USD 225,000) is proposed in 2014. This is attributable to the expected decrease in the number of requests for registrations.
62. The proposed budget for consultants in 2013 includes support required to complete the methodological work planned for the next two years. Specific work items requiring inputs from consultants will include standardized baselines, PoAs and other areas such as the translation of Board documents and further roll-out of the CDM loan scheme. The budget for 2014 is an indicative amount that will be refined as specific needs are evaluated and prioritized.
63. The proposed budget for travel of experts will decrease in 2014 as a result of the reduction in the number of planned panel and working group meetings. A decrease in staff travel is also projected as more meetings are planned to be held in Bonn. The figure for 2014 is also an indicative amount and will be refined as information on the frequency of future meetings of panels and working groups is obtained.

### 6.3. Budget and Expenditure for 2012

64. Table 13. provides details of budget versus actual expenditure as at 31 December 2012 while Table 14 provides the fund balance by the end of 2012.

**Table 13.. CDM budget and expenditure comparison 2012 (in USD)**

Object of Expenditure	Budget 2012*	Expenditure 2012*	Expenditure rate at 31 December
Staff	20,060,885	18,140,643	90.4%
General Temporary Assistance	191,304	480,383	251.1%
Consultants	1,574,188	1,314,708	83.5%
Expert Fees	1,745,740	1,652,570	94.7%
Expert Travel	1,714,471	1,340,508	78.2%
Staff-related costs	61,037	108,513	177.8%

<b>Object of Expenditure</b>	<b>Budget 2012*</b>	<b>Expenditure 2012*</b>	<b>Expenditure rate at 31 December</b>
Travel of Representatives	2,078,802	1,683,722	81.1%
Travel of Staff	871,090	531,141	61.0%
Training & Skills Development	837,422	185,742	22.2%
Operating Expenses	7,855,503	8,949,927	113.9%
Mobile telecommunication	72,900	45,339	62.2%
Supplies	235,000	139,941	59.5%
EB Grants	357,000	275,600	77.2%
Sub-total	37,655,342	34,848,737	92.5%
Programme Support 13% Overhead	4,895,194	4,530,336	
<b>Total</b>	<b>42,550,536</b>	<b>39,379,072</b>	<b>92.5%</b>

65. As can be seen from the Total line in Table 13..the percentage difference between the amount budgeted for 2012 and actual expenditure is currently just below 93%. This percentage will still increase slightly with the final year end reconciliation of accounts. This should take the final difference to within a 7% variance level and provides evidence that the intense focus on the estimation and budgeting processes employed within the secretariat during the previous period has ensured that they have now reached the required level of performance and maturity.

**Table 14. Balance of funds for reporting period**

	USD
Fund balance	<b>Projected at 31 December 2012</b>
Carry-over at 31 December 2011	74,516 906
Income 2012	113,267,364
Funds available	187,784,270
2012 expenditure	39,379,072
<b>Balance</b>	<b>148,405,198</b>

## 7. Human resources

66. As at 1 January 2013 there are 163 posts CDM posts occupied by staff with fixed-term contracts. There are a total of three posts under recruitment and one position funding a temporary assignment. The three vacancies arose from two internal promotions and one staff transfer.

67. Since 2007 the secretariat has experienced a large growth in its approved full time staff complement that reached a peak of 177 posts in 2010 (table 16). This was necessary to cope with the ever-increasing workload associated with the first commitment period of the Kyoto Protocol and compliance with the mandated process deadlines that were under continuous external scrutiny.
68. Table 16 shows the use of the CDM approved posts by year. As can be seen, the use of the 177 approved posts in 2012 is expected to decrease to 165 in 2014 through the use of natural attrition, redeployment to other areas of work and the use of service level agreements, and associated budgets, rather than posts to address Information technology and meeting logistical support needs.

**Table 16. Use of approved posts (2006–2014)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Professional level posts</b>	24	47	62	93	127	126	125	123	122
<b>General Service level posts</b>	16	24	31	44	50	51	52	47	43
<b>Total posts</b>	<b>40</b>	<b>75</b>	<b>97</b>	<b>143</b>	<b>177</b>	<b>177</b>	<b>177</b>	<b>170</b>	<b>165</b>

69. The approved posts were filled through the United Nations competitive selection process. In its effort to attract competent candidates, the secretariat commits itself to issuing contracts for one and a half years initially, and thereafter three years for each post that has now been filled.
70. As positions were filled, the secretariat was increasingly able to serve the immediate needs of the CDM and the Board as these emerged through the process of “learning by doing”. The SDM programme therefore had little time to reassess its work processes and focus on substantial efficiency gains. It now intends to focus more on identifying and removing unproductive organizational layers and eliminate unproductive activities in key areas.
71. In addition to the previous challenge of identifying and recruiting such large numbers of suitable staff, and in the current period of uncertainty, retaining skilled staff with institutional knowledge, it is also desirable to avoid the high costs involving repatriation of current staff and settlement of new ones. As it will be difficult to adjust expenditures relating to staff costs with the same agility of income fluctuations, astute management of approved posts including evaluation of the need to fill future vacancies, as and when these arise, will be given special attention in the future. Furthermore, the cost and benefits of the use of external experts to complement the work of secretariat staff will continue to be carefully evaluated. A total of 41 experts have been identified. In line with the direction given by the Board, the SDM programme plans to continue to use these specialist consultants in case load related work. However, their involvement is expected to reduce from 2013 onwards.

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### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
02.1	27 January 2013	This version has been issued to correct a reference.
02.0	23 January 2013	Publication as an annex to the annotated agenda of EB 71. This document takes in account input from EB 70 and outcomes from CMP 8 held in Qatar, Doha from 26 November – 8 December 2012.
01.0	5 November 2012	Initial publication
Decision Class: Operational Document Type: Information note Business Function: Governance Keywords: work programme, MAP, EB		