

CDM-EB70-AA-A02

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

Version 01.0

DRAFT



United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS	Page
1. INTRODUCTION	3
2. THE OVERALL CONTEXT IN 2013 AND BEYOND.....	4
3. THE VISION OF THE BOARD.....	5
4. STRATEGIC OBJECTIVES IDENTIFIED AND EXPLAINED.....	5
4.1. Objective 1: Provide for simplicity and predictability in the operation of the CDM and ensure the integrity of CERs.....	5
4.2. Objective 2: Ensure the CDM makes a growing contribution to the sustainable development of all host countries	7
4.3. Objective 3: Further expand the geographic reach of the CDM.....	7
4.4. Objective 4: Promote the use and safeguard the reputation of the CDM as a mechanism for low carbon development	9
5. STRATEGIC PRIORITY AREAS	9
6. ASSUMPTIONS, RISKS AND THEIR MITIGATION.....	10
APPENDIX 1. MANAGEMENT PLAN.....	14

1. Introduction

1. The Executive Board of the clean development mechanism (hereinafter referred to as 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). This business plan and management plan (MAP) set out, respectively, the strategic direction set by the Board for the CDM during the two-year period from the start of 2013 to the end of 2014 and the specific work, as well as the associated capacity and resource needs, planned for this period.
2. The business plan and the associated MAP are being set as the first commitment period under the Kyoto Protocol comes to an end and much remains uncertain regarding the future. The plans build upon those that have been in place in 2012 but, importantly, seek to adapt to the changing environment in which the CDM finds itself as it enters into the Kyoto Protocol's post-2012 phase.
3. The proposed budget for the CDM in 2013 and 2014 amounts to a total of USD 38.5 million and USD 37.7 respectively, an overall decrease of USD 2 million compared to 2012.
4. A critical component of the Board's work as it enters into the second commitment period under the Kyoto Protocol is to ensure that the CDM is "fit for the future" and possesses an accessible and user-friendly toolkit of standards and systems that is highly valued and may be widely applied in measuring the impacts of mitigation actions.
5. It is important that the insights gained through the decade of the operation of the CDM are well understood by Parties and policymakers and are appropriately used as the international community searches for wider solutions to address climate change. The experience gained with the CDM is a rich source of knowledge as the Board has, since its beginnings in 2001, continually worked to ensure the environmental integrity of the emission reductions and removals for which it issues certified emission reductions (CERs).
6. The Board also understands that the first year of the second commitment period under the Kyoto Protocol in many ways presents new challenges and opportunities for the CDM, which may require a departure from business-as-usual in some aspects of the mechanism's operations. Many of these challenges will be addressed as part of the revision of modalities and procedures of the CDM, scheduled for 2013, also taking stock of recommendations from the CDM Policy Dialogue, and developments in negotiations on new market approaches. In this context the Board recognizes the importance of strengthening communications, including by correcting misperceptions about the mechanism.
7. The secretariat has now implemented a strengthened, more accessible system of internal resource planning and project management across the Sustainable Development Mechanisms programme (SDM). The information on resource requirements presented in this document was derived initially from the information provided by a new internal tracking system to identify resources used to support routine operations and has also included the prioritization of future change initiatives. The outcomes of this process then served as an input to the latest revision of the business plan, and after further refinement of the estimated resource needs, this two-year version

of the MAP. The new internal tracking system includes regular reporting and review of the delivery of products against agreed timelines, and the capture of the effort involved in support of the regular routine activities and approved projects. This has allowed the provision of much more accurate estimates of the effort that would be required for the regular operation of the CDM and projects contained in this document.

2. The overall context in 2013 and beyond

8. In view of the many CDM activities detailed in the attached MAP that are of a collaborative and cross-cutting nature, the structure within the secretariat will be required to provide maximum flexibility in terms of the deployment of its human resources. Such flexibility will be crucial in the implementation of the MAP, in alignment with the objectives as detailed in the Board's business plan given the uncertain environment ahead. It should be noted that the secretariat intends to continue to appropriately redeploy its human resources in order to meet shifting short and medium-term demands as these become more apparent.
9. As the CDM nears the end of the first commitment period, it faces many challenges and changes:
 - (a) Ambitious levels of global mitigation action have not yet been agreed by Parties, negatively affecting all international market-based mechanisms, and the number of Parties adopting emission targets within the specific context of the Kyoto Protocol is diminishing rather than growing;
 - (b) The European Union emissions trading system (EU-ETS) – long the engine of growth for the CDM – is applying qualitative and quantitative restrictions on the use of CERs from 2013 onwards. These will block entry into the world's largest integrated carbon market for CERs from any CDM projects registered after 2012, except those in least developed countries;
 - (c) A large number of new national and regional carbon markets are expected to become operational in the 2013–2018 period, many of them in countries hosting CDM projects or buying CERs. Many of these systems may be expected in time to link to each other internationally, but the role and access of the CDM in these new markets is yet to be defined;
 - (d) Within the UNFCCC, new market-based approaches are being negotiated, including the New Market Mechanism (NMM) and the Framework for Various Approaches (FVA). Additionally other mitigation mechanisms under the UNFCCC, such as nationally appropriate mitigation actions (NAMAs) and the Green Climate Fund, may also have potential links with the CDM and/or new mechanisms under the Convention.
10. These factors – combined also with recession in many countries – have translated in the last years of the first commitment period into a market where demand for CERs is too small to sustain prices, leading to a rapidly dropping CER price. This works to erode incentives for project developers to develop new CDM projects. There is an increasing risk of the CDM losing its momentum, and with it, losing the intellectual and institutional capacity that has been built up among Parties and other stakeholders in the CDM.

11. These factors also mean that, for the first time, the CDM is facing serious competition and will have to prove its worth vis-à-vis other mechanisms to survive as a viable mitigation tool under any future climate change regime. Although the CDM is not an end in itself, it is undeniable that the capacity and know-how built by the CDM over the past ten years represent a unique and well-recognized asset for global mitigation. This may be used not only to further improve the CDM itself, but also to support the development of carbon markets and market-based approaches in 2013 and beyond.
12. In this overall context, continuing to simply operate the CDM with an element of incremental improvement is not likely to be sufficient to guarantee the relevance of the mechanism in a diversified market. Instead, the CDM may find its future value in more actively seeking to identify and strengthen areas of convergence and cooperation with new tools and market-based approaches. The operation of the CDM will doubtlessly continue over the next several years, but its relevance to, and acceptance in, new carbon markets will depend on how well the Board and its support structure are able to respond to recommendations for its continued development, and how well these developments are implemented and communicated to the world outside the CDM.

3. The vision of the Board

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 expected changing context for CDM in 2013 and beyond, the Executive Board's revised vision guiding this business plan, as agreed at its sixty-sixth meeting is: "a credible mechanism for a low greenhouse gas future promoting sustainable development".

4. Strategic objectives identified and explained

14. In pursuing the agreed vision for the CDM, the Board has identified four specific 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 sustainable development of all host countries;
 - (c) **Objective 3:** Further expand the geographic reach of the CDM;
 - (d) **Objective 4:** Promote the use 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

15. The Board has for the past several years moved the mechanism towards increased transparency, user-friendliness, and consistency, while maintaining its environmental integrity. The Board will continue to assess its processes and requirements with a view to reducing complexities while maintaining environmental integrity and ensure that all submissions relating to project activities, accreditation and standards are processed in

accordance with agreed standards and procedures and within agreed timelines. The Board shall continue to strengthen the governance structure of the mechanism and ensure that its support systems for delivery of projects and activities functions in an effective, impartial and transparent manner.

16. Overall this objective will ensure that the operation of the mechanism continues to run smoothly, that the regulatory framework is clarified and simplified, that the accreditation system becomes less cumbersome, that the governance of the mechanism is strengthened, that stakeholders remain engaged with continuously enhanced capacity, and that the support provided by the institutional support structure is continuously improved towards a quality management approach.
17. The Board shall ensure that registration and issuance requests continue to be managed in line with established timelines. Beyond the first commitment period, it is likely that requests for registration will substantially decline due to quantitative and qualitative restrictions on the use of CERs in the EU-ETS, as well as continued low CER prices, which are too low to provide incentive for some project types to be developed. Estimates of the number of registration requests for 2013 are therefore still subject to significant revision, although it seems likely that the number of project registrations will drop significantly in 2013. However, the number of requests for Issuance is likely to continue in 2013, at the same level as 2012. This represents a significant challenge for the Board and its support structure which would need to ensure that the processing of submissions is conducted in a timely and efficient manner.
18. The Board has worked in the last few years to build, consolidate, clarify and simplify its regulatory framework. A particular achievement has been to consolidate previously disparate components of the CDM's standards and procedures, in particular through the CDM project standard (PS), the validation and verification standard (VVS) and the project cycle procedure (PCP) and the procedures for the development of methodologies. This work will continue during 2013–2014 through ironing out remaining inconsistencies and areas of unclarity across these documents, by building on experience gained after a year of application of the PCP, PS and VVS.
19. Designated operational entities (DOEs) are crucial actors in ensuring the integrity of the CDM and the system under which they are accredited by the Board has been identified as a key area in need of an overhaul to ensure efficiency and improve the performance and role-definition of the DOEs. Work to improve the accreditation standard, the accreditation procedure and the DOE performance monitoring system was initiated in 2012 and will need to draw to a conclusion in 2013, including through a strategic assessment of whether the current approaches are the most appropriate to take the CDM into the future.
20. The continued interaction of the Board with DOEs together with initiatives for direct interaction between the secretariat and project participants will allow for on-going evaluation of the needs of these two important groups of stakeholders. It will also provide periodic opportunities to adjust the Board and secretariat workloads and priorities as and when required.
21. As part of the development of activities and products under objective 1, the Board will consistently consider the needs and expectations of Parties and stakeholders for adapting the mechanism to operate in a changing context, while maintaining its environmental integrity.

4.2. Objective 2: Ensure the CDM makes a growing contribution to the sustainable development of all host countries

22. The Board shall ensure an enhanced understanding among civil society, policymakers and market participants of its benefits and its contributions, not only to the mitigation of climate change, but also to the sustainable development of communities and countries. To this end the Board will consider how measurement and reporting on the actual performance of CDM projects, and of the CDM overall, may be strengthened with regard to sustainable development.
23. The Board recognizes the importance of promoting greater awareness and understanding of the CDM. The Board will therefore continue to enhance awareness among stakeholders and policymakers of the benefits of the CDM, not only with regard to climate change mitigation but also to sustainable development. The Board shall also ensure that the CDM is recognized as contributing to the effective and sustained implementation of the Convention through continued and expanded use of market-based approaches. Policy decisions at the level of the Board should continue to provide Parties and other stakeholders with robust and credible measures to promote collaborative, international mitigation.
24. The Board must ensure that tools, standards and methodologies that are developed, through its support structure, for use in the CDM are recognized by Parties and policy makers to provide accessible, user-friendly and high quality resources, while also ensuring the contribution of the CDM to sustainable development.
25. The Board shall improve the guidance and procedures on how project participants, designated national authorities (DNAs) and DOEs can address and report sustainable development benefits. The Board is aware that one of the main criticisms of the CDM is its lack of a transparent and consistent approach to ensuring that projects deliver on their sustainable development objectives. While Parties maintain the right to define and apply sustainable development definitions in the context of CDM projects, introducing and improving the guidance and procedures on how project participants, DNAs and DOEs can address and report sustainable development benefits would enhance the value of the CDM as a policy instrument.

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

26. The distribution of CDM projects has been an issue for Parties to the Kyoto Protocol since the first session of the CMP. Successive CMP decisions have provided valuable guidance and tools to allow the Board to address this issue. The Board in turn has initiated several activities to promote the equitable regional and sub-regional distribution of CDM project activities. These include, inter alia, the establishment of a loan scheme, the development and improvement of methodologies and tools that are particularly suitable in underrepresented areas, and support for DNAs and project participants through actively building more capacity, including through Nairobi Framework partners and targeted on-the-ground support.
27. Over two-thirds of all registered projects – and over two-thirds of all CERs – originate from two countries: China and India. Only 43 other developing countries have generated any number of CERs at all. Most countries in Africa, as well as most least developed countries, have no registered projects at all, although this pattern appears to be gradually changing with the emergence of programmes of activities under the CDM.

28. The Board shall continue to take all actions within its authority to enhance the distribution of CDM projects, project types and programmes in those countries, regions and sub-regions currently underrepresented in the CDM. These actions include:
- (a) The further development of standards and methodologies that are typical in underrepresented countries/regions and are enhancing co-benefits;
 - (b) Integrating suppressed demand approaches;
 - (c) Making the system for developing/approving standardized baselines fully operational;
 - (d) Considering strengthening the loan scheme;
 - (e) Developing the 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 regional level to leverage on their capacity and resources.
29. Activities shall also be undertaken to contribute to the skills enhancement of stakeholders to ensure that underrepresented countries and sectors increase their access to and use of the CDM through increased national capacity.
30. As part of on-going work to enhance the geographical reach of the CDM, the Board will continue to concentrate its efforts on those practical activities under its control that can produce tangible results for specific groups of beneficiaries. The secretariat, on behalf of the Board, has significantly enhanced its interaction with DNA representatives to ensure their broader involvement in the mechanism. The secretariat will continue with the training initiative for DNAs commenced under the MAP.
31. On behalf of the Board, the secretariat has commenced a “help-desk” initiative to identify and, where possible, assist in removing barriers for proposed CDM project activities in countries with fewer than 10 registered CDM project activities. Specifically in the area of PoAs, the secretariat will be tasked with continuing to intervene directly with all programmes undergoing validation in Africa and non-African least developed countries to ensure that the latest requirements of the Board are understood by the coordinating/managing entities. This effort will continue and be enhanced in 2013 and 2014.
32. A newly launched loan scheme aimed at increasing the number of CDM projects in developing countries has authorized the funding of more than USD 3 million towards 23 CDM projects and programmes. The loan scheme, run jointly by the United Nations Office for Project Services (UNOPS) and the United Nations Environment Programme (UNEP) Risoe Centre on behalf of the United Nations Framework Convention on Climate Change (UNFCCC), provides for interest-free loans for CDM projects in least developed countries with fewer than 10 registered CDM projects. The loans cover the development of project design documents, validation by DOEs and the first verification of emissions. The first group of applications resulted in seventeen approved loans for projects in Africa, three in Asia, two in the Middle East and one in Latin America. The majority of the approved loans (13) are for PoAs, while seven are for small-scale projects and three are for large-scale projects. The selected projects are very diverse, ranging from household-

level energy efficiency (such as energy-efficient cook stoves), methane avoidance and transportation.

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

33. The Board shall champion the CDM, ensuring that the advantages and strengths of UNFCCC-supported mechanisms are enhanced and made apparent to stakeholders, policymakers and Parties. Enhanced media engagement procedures and plans intend to balance the existing critique of the mechanism in the mass media with a fair and accurate representation of the mechanism's benefits, strengths and weaknesses. This will also help ensure that media opportunities are identified and capitalized upon and potential risks are identified and mitigated.
34. The Board shall engage in a continual, structured dialogue with key stakeholders and policy-makers to support learning and continuous improvement of the mechanism. The Board shall ensure that the CDM continues to increase its contribution to the objectives of the Convention despite the changing conditions expected in 2013. This requires a structured and direct dialogue with policymakers, assessment of Parties' needs and expectations, and identification of potential coordination and collaboration with other mechanisms and bodies. The business plan also envisages increased emphasis and communication on the co-benefits of the CDM, such as transfer and diffusion of technologies, enabling financing for mitigation and capacity-building at international, national and local levels.
35. The Board considers that the review of CDM modalities and procedures is a crucial task in ensuring the long-term efficiency and attractiveness of the mechanism. It will enable adjustment for the second commitment period based on lessons learned during the first commitment period and assist in addressing the continuing role of the mechanism as a collaborative mitigation tool for Parties and the private sector.
36. In the light of, among other things, the restrictions imposed by the European Union, criticism from CDM stakeholders, competition from emerging carbon market tools, the recommendations from the high-level panel on the CDM Policy Dialogue for immediate reforms, and requests by the Board for the secretariat to increase its efforts to communicate the benefits of the CDM, it is imperative that a new identity is created for the CDM, one that reflects the values of a responsive mechanism that is fit for the future. The repositioning project will improve the image of the CDM and include guidance on safeguarding the mechanism's reputation in future. It is crucial to engage in a continual, structured dialogue with key stakeholders and policymakers that informs the mechanism's development and executive decision-making.

5. Strategic priority areas

37. The associated detailed MAP appended to this business plan highlights specific projects, initiatives and routine operational activities that will help the Board to translate its strategic objectives into actions. In ensuring that the work of the Board and its support structure is implemented in a coherent and focused manner during the period covered by the business plan, the following five strategic areas have been defined:
- (a) Contribute to the strengthening of the foundation for future carbon markets;

- (i) The review of the CDM modalities and procedures, as mandated in paragraph 4, Article 12 of the Marrakech Accords, will be one of the major work items under this priority area. The contribution of CDM projects to sustainable development continues to be an important topic and will also be addressed in this priority area;
- (b) Enabling broader and deeper participation;
 - (i) To improve broader participation in the CDM, activities and initiatives under this priority area will be aimed at the achievement of outcomes, such as, approved standardized baselines applicable to under-represented countries; standards and methodologies relevant to these regions and sectors; capacity development for key institutions that can make the mitigation actions happen in these countries and sectors; and facilitation of potential CDM projects in under-represented countries;
- (c) Continuing operation of the CDM in an efficient and effective manner;
 - (i) This priority area will focus on efforts to ensure that the CDM continues to effectively deliver high-quality offsets in a transparent manner and with high integrity;
- (d) Promotion, outreach and stakeholder interaction;
 - (i) The targeted outcome under this priority area is the wide recognition by stakeholders and policymakers of the advantages and strengths of the CDM;
- (e) Development of appropriate tools and systems.
 - (i) Work under this priority area will ensure that the in-house support system for delivery of projects and activities is functioning in an effective and transparent manner, and is able to respond to short-notice requests of changes in requirements.

6. Assumptions, risks and their mitigation

- 38. This section provides information on the assumptions that have underpinned the process used to create this business plan, the associated risks that were identified and how these may be mitigated from a Board perspective.
- 39. The first assumption is that, for the next three to five years, the CDM is likely to remain the world's foremost – and possibly sole – means of gaining the benefits of a truly global carbon market. The CDM occupies a unique space in international carbon markets. It is by far the largest international offset mechanism and enjoys broad support from developed and developing countries alike. It has more than 4,400 registered projects in 76 developing countries and has generated approximately one billion credits, which can be traded and used by developed countries to offset their emissions and to support meeting their mitigation targets. Perhaps its greatest contribution to date, however, has been helping countries and stakeholders gain valuable experience with innovative climate solutions through hands-on practical action. The CDM should advance this leadership role by facilitating the widespread adoption of best practices and uniform

technical standards, as well as by promoting appropriate international links across carbon markets worldwide.

40. The second assumption is that the negative image of the CDM is based on outdated perceptions of the level of its performance, as exemplified by aversion to certain types of projects and a few projects that got registered in the early stage of CDM that were considered by some to be non-additional. Such perceptions are perhaps at least partly responsible for the restrictions now being imposed in the use of CERs in some markets. The intention of some Parties to establish new offset mechanisms, rather than seek to further reform and strengthen the CDM, is also highlighted in this regard. In order to remove misperceptions about the mechanism, the Board and its support structure now need to place far more emphasis on proactive and strategic communication, which is not just limited to communication with the more immediate CDM stakeholder groups, but also targeting opinion-makers and decision-takers in other emerging carbon markets.
41. There is also an inherent risk that the future CDM development occurs with little or no coordination with, or links to, other relevant mitigation mechanisms that are also under the jurisdiction of the UNFCCC. This could result in overlaps, conflicts and diverging approaches to mitigation and carbon markets under the stewardship of the UNFCCC. This can be avoided if the Board and its support structure proactively seek to engage in the development processes of these new tools and support them with CDM knowledge, experience and expertise.
42. The third assumption is that the uncertainty of the impact on carbon markets of new rules and restrictions for CERs from the CDM within some of the major established markets, in combination with unclear rules for CERs in new emerging markets, could lead to a further reduction of demand for carbon credits.
43. A simple analysis, based on studies conducted by leading organizations, provides figures for the 2013–2020 period, showing a wide range of possible supply from 2.3 to 4.8 billion CERs. The lower end of this range does not account for new projects that may possibly enter the CDM pipeline after April 2012 and for the possible renewal of crediting period for already-registered projects. The upper end of the range assumes full crediting renewal of all projects. In addition, there is a limited expectation for unused CERs from the 2008–2012 period to be carried over in the post-2012 period. It is expected that a conservative demand of 2 billion CERs over the next eight years (or 250 million a year) will be required, which is more or less equivalent to business as usual.
44. Furthermore, it must be noted that there are many factors that may still significantly impact these predictions. Global supply and demand for offsets involves many and complex external factors, making a comprehensive analysis regarding potential future income difficult task at this stage. For example, the uncertainty of international negotiations, the fluctuation of carbon prices and the development of regional and national initiatives that may compete with the CDM may result in diverging forecasts depending on how each factor is assessed.
45. The worst case scenario is a total collapse of the CER market and income dropping to zero starting from 2013. In this unlikely scenario, and in the absence of equally quick and drastic action to address expenditure, the secretariat would start relying on the reserve as early as the first half of 2014 and deplete it completely by mid-2015. Although current financial reserves in the CDM are significant compared to current expenditure, it is imperative that this reserve is used as a stop-gap while evaluating and deploying

existing resources for maximum benefit as the future for CDM becomes clearer, including identifying and implementing appropriate cost efficiency measures.

46. Global demand and supply for CER usage in offsetting or other uses and more specifically its impact on income for the CDM from fees and shares of proceeds cannot be predicted with certainty at this stage. It is therefore important to launch a process through which a regular analysis based on known facts is made so as to avoid the inherent danger associated with over-simplistic, one-dimensional or linear thinking.
47. The fourth assumption is that although the workload of the units of the secretariat focusing on registration and developing methodologies would be reduced, staff would still be required to support the other strategic focus areas and routine operational work detailed in the MAP. Normally, expenditures would be expected to be adjusted to take account of reduced demand on registration and development of new methodologies. However, at this stage the secretariat cannot make a clear projection of resource adjustments as it assumes that even if demand for new projects falls, administering the existing projects and developing new area of work would require its full capacity.
48. Over the last few years, due to rapidly increasing work load, the secretariat has had to increase the number of staff, while implementing a number of efficiency measures so as to be able to keep delivering against mandated deadlines. With the end of the first commitment period, this period of growth is, as outlined above, expected to tail-off. At the same time new demands are placed on the secretariat to support the review and revision of the modalities and procedures for the CDM, to increase outreach and communication, and to maintain key operations, among others. Now is therefore a good time to look at organizational layers and further improve efficiency and flexibility in key areas. Proposed measures include, redesigning cross-functional teams, and the use of technology to improve data dissemination, decision making and minimize the need for physical meetings and travel.
49. The fifth assumption is that the carbon market will eventually revive and that the CDM will continue as an important tool in support of future mitigation actions, which underpins the strategic decision that the secretariat retain its current, highly competent, staff. In addition to the challenges of recruiting and retaining skilled staff with institutional knowledge, it is desirable to avoid the high costs involved in the repatriation of current staff and settlement of new ones. It will be difficult to adjust expenditures relating to staff costs with the same agility of income fluctuations; however, the secretariat is committed to undertaking the activities in the associated MAP by responsibly managing its resources, including the use of natural attrition and redeployment of staff to other tasks as may be necessary.
50. Implementing the business plan, in particular with regard to preparing the CDM for the future, will require increased attention to what is happening outside the CDM, in terms of market developments, new mechanisms, and other mitigation tools and approaches that may link or overlap with the traditional area of business for the CDM. There is a risk that old habits may cause some inertia in taking into account, and responding to, the changing conditions for the CDM. Access to information and openness for dialogue with stakeholders outside the immediate “CDM family” will be essential in this regard.

In order to manage these and other risks that may surface in the post-2012 environment, it is essential that the Board periodically plan to review the performance of the CDM and its support structure. The creation of appropriate monitoring systems within the

secretariat has already allowed the production of quarterly reports for the Board. These systems will continue to be strengthened so that the enhanced reports generated as a result can assist the Board in ensuring that the risks associated with the CDM in future are identified and appropriately managed.

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Appendix 1. Management plan

1. Executive summary

1. The Executive Board of the clean development mechanism (hereinafter referred to as the Board) continues to direct the mechanism's regulatory framework to ensure that it is sufficiently robust and flexible to respond to the needs of Parties while facilitating the implementation of the clean development mechanism (CDM) in a manner that maximizes its contribution to the aims of the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol.
2. This MAP addresses the capacity and resource needs required by the UNFCCC secretariat, as part of the Board's support structure, to support the work of the Board and its panels and working groups. It has been developed in the context of the Board's two-year business plan and the objectives contained therein. The focus provided by the 2013–2014 business plan is also reflected in this document, which identifies and further elaborates the four objectives. It provides details of the routine operational outcomes and project products associated with each of these objectives.
3. The proposed budgets for running the CDM in 2013 and 2014 are lower than in 2012, with a reduction of three per cent in 2013 and a further two per cent in 2014. The reductions are largely as a result of the expected decrease in posts over the period through the use of natural attrition, redeployment and use of service level agreements for delivery of some services, as well as reductions in the use of experts and travel costs.
4. The total proposed budget for the CDM two-year business plan and associated MAP therefore amounts to USD 76.2 million. The budgets for 2013 and 2014 are USD 38.5 million and USD 37.7 million respectively, and represent an overall decrease of USD 2 million from the 2012 budget.
5. The MAP document is structured in the following way:
 - (a) Section 1 provides an executive summary;
 - (b) Section 2 provides a short introduction, and identifies and explains the purpose of the Board's objectives. This section also highlights the key assumptions that underpin this MAP;
 - (c) Section 3 elaborates a set of five strategic priority areas that have been identified by the secretariat in support of the four objectives in the CDM business plan. It also details the activities planned in terms of these five areas and three stand-alone projects;
 - (d) Section 4 provides details on the type of activity and associated resource needs for the routine operations performed by the secretariat in support of the Board and the CDM in general;
 - (e) Section 5 provides details on the critical success factors associated with this plan;

- (f) Section 6 provides information on the finance and human resource needs for the secretariat for CDM-related work.

2. General

2.1. Introduction

6. The clean development mechanism of the Kyoto Protocol must operate with integrity, deliver trusted emission reductions and run efficiently. The secretariat will therefore continue to strive to ensure that the Board is appropriately supported in achieving these aims. The secretariat continues to respond to the request by the Board that the secretariat undertake a greater proportion of the preparatory analytical work on procedures and registration and issuance cases, thereby supporting the Board as it takes on a more executive and supervisory role.
7. The provision by the Board of a set of agreed objectives as described in its revised 2013–2014 business plan has allowed the secretariat both to continue focusing its efforts and resources and also to consider a more realistic time frame for some of the work required. This MAP therefore details the various projects, products, indicative timelines and the human and financial resources required by the SDM programme of the UNFCCC secretariat in the next two years to ensure that the products and routine activities agreed by the Board in its business plan are delivered in a sustainable way.

2.2. Realistic action plans, driven by objectives

8. The secretariat has now implemented a strengthened, more accessible system of internal resource planning and project management across the Sustainable Development Mechanisms (SDM) programme. The information on resource requirements presented in this document began with the information provided by a new internal tracking system to identify resources used to support routine operations and also included the prioritization of future change initiatives. This process then informed this version of the business plan and after further refinement of the estimated resource needs, this two year version of the MAP. The new internal tracking system also includes regular reporting and review of the delivery of products against agreed timelines, and the capture of the effort involved in support of the regular routine activities and approved projects. This has allowed the provision of much more accurate estimates of the effort that would be required for the regular operation of the CDM and projects contained in this document.
9. In view of the many CDM activities detailed in this MAP that are of a collaborative and cross-cutting nature, the secretariat will be required to provide maximum flexibility in the deployment of its human resources. Such flexibility will be crucial in the on-going implementation of the MAP aligned with the objectives as detailed in the business plan given the uncertain environment ahead. It should be noted that the secretariat intends to continue to appropriately redeploy its human resources in order to meet shifting short and medium-term demands as these become more apparent.

2.3. Objectives identified

10. The Board, in its 2013–2014 business plan, has identified four specific objectives to be achieved over the next two years. These are now stated together with a set of associated and specific focus areas below each objective to inform and guide the work

of the secretariat in its support of the Board during the two-year period covered by this MAP.

- (a) **Objective 1:** Provide for simplicity and predictability in the operation of the CDM and ensure the integrity of CERs;
- (b) **Objective 2:** Ensure that the CDM makes a growing contribution to the sustainable development of all host countries;
- (c) **Objective 3:** Further expand the geographic reach of the CDM;
- (d) **Objective 4:** Promote the use and safeguard the reputation of the CDM as a mechanism for low carbon development.

2.4. Key assumptions

- 11. The **first key assumption** is that the secretariat will be able retain the expert resources that have been recruited and deployed to address the large and very technical workload associated with entity and project assessment work that has been required to meet the demands of the market to date. If required, the secretariat can also impart training in assessing different types of projects and entities to new market-based mechanisms, as and when these develop.
- 12. The **second key assumption** is that the experience, tools and standards that have been developed to date will not only continue to be employed in the CDM mechanism in its future form but can also provide a fundamental foundation in the future creation of different market-based mechanisms.
- 13. The **third key assumption** is that the current uncertainty surrounding the future of the CDM will be resolved and that the mechanism will continue to play a meaningful role in assisting Parties to address their mitigation needs.

3. Strategic priority areas and project prioritization

- 14. In learning from the project process adopted as part of the business plan and MAP process last year, a need was identified for the secretariat to select and adopt suitable criteria for evaluating the work it would need to undertake in the form of projects aimed at achieving sustainable change. As an essential part of the finalization of inputs to the 2013–2014 planning process, this ensured that existing as well as any proposed new initiatives were prioritized in a structured way. The first stage of the process categorized the proposed or current project as part of an SDM portfolio. This allowed a better understanding of individual contributions to the project portfolio and enabled decisions aimed at achieving the balance required for the period of this MAP, noting available and future funding and other resourcing issues.
- 15. Once the projects had been reviewed and low-priority projects removed, the remaining projects, with one exception, were allocated to one of five secretariat strategic priority areas. These are:
 - (a) Contributing to the strengthening of the foundation for future carbon markets;
 - (b) Enabling broader and deeper participation;
 - (c) Continuing to operate the CDM efficiently and effectively;

- (d) Promotion, outreach and stakeholder interaction;
 - (e) Development of appropriate tools and systems.
16. The focus provided, together with a clear governance structure for each area, allowed clear linkages to be made to the four CDM strategic objectives and facilitated an analysis of project relationships, dependencies and implications within and between each of the strategic priority areas. This exercise has also facilitated in improved resource estimation, time allocation and encouraged more collaborative and coordinated planning.
17. The management of projects as part of a strategic priority area will allow for the more effective management of the projects as each area has a clearly identified aim and common purpose. It will also assist in the early identification of resourcing issues and allow redistribution within and between areas as required to ensure that project products are delivered.
18. A full description of each strategic priority area, including its purpose, targeted outcomes, indicators, linkages and Board objective and associated benefits, risks and their mitigation and resourcing needs now follows together with similar information about the three projects that will be managed individually.
- 3.1. Strategic priority area 1: Contribute to the strengthening of the foundation for future carbon markets**
- 3.1.1. Purpose: strategic priority area 1**
19. Market-based approaches to climate mitigation are experiencing a proliferation, with a large number of countries and regions developing their own emissions trading schemes and supporting national or bilateral offset mechanisms. The continuation of the Kyoto Protocol mechanisms are in principle secured for a second commitment period, but with declining participation, as well as with restrictions on the use of certified emission reductions (CERs) in existing and evolving carbon markets. New markets and mechanisms, both inside and outside the UNFCCC, would benefit from seeking coherence and comparability, and one of the best ways to do that would be to build on the standards, methodologies, and infrastructure developed over the past decade under the UNFCCC to support the CDM.
20. In relation with the changes in the environment, the secretariat workload continues to evolve in nature, necessitating more effective ways of working or changes to existing processes. The current processes have tended to grow organically without a concerted effort being made to measure performance and identify and assess alternative methods to achieve similar outcomes. This creation and staged improvement of a quality management system is intended to provide a framework and introduce more structured processes aimed at further improvements in efficiency, quality and the promotion of a culture of sustainable continuous improvement in the work of the secretariat.
21. In addition, the CDM accreditation system needs revisions with a view to further improve the performance of DOEs in a cost-efficient and effective manner while maintaining and strengthening the credibility of the process within the context of developments in the post 2012 carbon markets, and in particular:
- (a) To further improve the current accreditation system within a defined time period and through making efficient use of all available resources;

- (b) To provide a set of recommendations to the SDM Management Committee (SMC) for making the CDM accreditation system “fit for the future” through identifying opportunities and ideas for significant mid/long-term improvements in the context of key developments in the wider global carbon market.

3.1.2. Targeted outcomes: strategic priority area 1

22. The targeted outcomes for this strategic priority area are:

- (a) The CDM, as a market-based mechanism developed under the UNFCCC, is recognized as providing a major contribution to the full, effective and sustained implementation of the Convention; and that policy decisions at the level of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and the Board regarding the future of the CDM and its contribution to the design of future market-based instruments under the UNFCCC will continue to provide Parties and other stakeholders with robust and credible measures to promote collaborative, international mitigation, including where their monitoring, reporting and verification approaches may be applied to non-market measures;
- (b) A suitable QMS framework is implemented for the SDM programme; essential elements of a QMS are operated in a selected area of the programme and provide the basis for further phased extension across the rest of the programme;
- (c) Selected improvements in the current CDM accreditation system are developed; Operations in the current CDM accreditation process are enhanced; a set of key factors that influence the design of a CDM accreditation system that is fit for the future are identified and monitored.

3.1.3. Indicators: strategic priority area 1

23. The indicators under this strategic priority area are:

- (a) The level of acceptance of CDM-generated offsets in emissions trading schemes; the use of CDM standards and methodologies as a basis for the development of standards for new mechanisms; CMP decisions to revise the modalities and procedures for the CDM, including extending its reach and access; Conference of the Parties (COP) decisions to establish new mechanisms and to link the CDM with new mechanisms;
- (b) A single QMS framework is developed to synergize various localized initiatives; the basic infrastructure of the QMS, including IT system, in place; and the QMS is in operation for a selected area of the SDM programme;
- (c) Consistency of decisions by the Accreditation Panel and the Executive Board improves and is reflected in the compendium of Accreditation decision-making;
- (d) The DOE performance evolves positively and is reflected in the DOE performance report;
- (e) Accreditation procedures show alignment, as appropriate, with international practices;
- (f) The number of accredited entities grows in proportion to the growth of the market;

- (g) The global cost of the accreditation process from the DOE side while still preserving integrity.

3.1.4. Project benefits: strategic priority area 1

24. Table 1 shows the specific projects related to the CDM that will be managed as part of this strategic priority area and specifies the intended benefits associated with each project.

Table 1. Project benefits: strategic priority area 1

Project name	Intended benefit
Sustainable development benefits of CDM projects 149	<ul style="list-style-type: none"> Improved voluntary reporting tool to assist project participants and the Board in highlighting and reporting on the contribution of the CDM to sustainable development; Review of the tool once implemented to identify lessons learned.
Strategic direction of CDM 149	<ul style="list-style-type: none"> The CDM is adjusted for the second commitment period to ensure its continuing role as a collaborative mitigation tool for Parties and the private sector.
Staged improvement of the quality management system (QMS) 95	<ul style="list-style-type: none"> More consistent and predictable internal processes in terms of delivering on time and scope, within agreed costs and quality standards; Expedited knowledge transfer to newly recruited and re-assigned staff; Basis for continuous improvement of the internal processes; Common baseline for major improvement interventions.

Project name	Intended benefit
<p>Improve the performance and role-definition of operational entities within the mechanism, including through revised standards and procedures</p> <p>163</p>	<ul style="list-style-type: none"> • Credibility: Improved confidence in the accreditation system in line with international best business practices by coherently and strategically revising the key documents; • Transparency: Increased transparency of the accreditation system for all relevant stakeholders through such initiatives as clearly defined criteria for the number of assessments and enhanced feedback loops between DOEs, CDM Assessment Teams and the Accreditation Panel; • Accountability: Revised key definitions, improved databases and systems and more targeted monitoring of impacts of the accreditation system on key performance indicators of DOEs, the Accreditation Panel and the secretariat; • Efficiency and effectiveness: Implemented efficiency gains (time and financial) across the system including, but not limited to: assurances of consistent outcomes of assessments; exploration of further alignment between the CDM and JI; removal of obsolete steps; and the upgrading of decision-making processes without undermining the credibility, transparency and accountability of the CDM accreditation system; • Predictability: Developed further understanding of the relationship between the risks associated with DOE compliance and predictability of the outcomes of the overall accreditation system. The documents would be revised in order to react to any increase in risk (e.g. number of project submissions, number of requests for review) resulting in further control measures (e.g. number/type of assessments) and a consideration of the impact of these developments on DOEs and the market.

3.1.5. Linkage of Board objectives to projects and products: strategic priority area 1

25. With the end of the first commitment period almost reached, market-based approaches to climate mitigation have experienced a proliferation, with a large number of countries and regions now developing their own emissions trading schemes and supporting

national or bilateral offset mechanisms. The CDM will only make a growing contribution to sustainable development if its presence in the global market is preserved and increased.

26. The voluntary tool to report on sustainable development benefits of CDM projects aims to implement appropriate guidance and procedures on how project participants, designated national authorities (DNAs) and designated operational entities (DOEs) can address and subsequently report on sustainable development benefits. Extending the voluntary tool to subsequent phases of the project cycle will also improve the integrity of the information provided by project participants. The tool will therefore enhance the value of the CDM as a policy instrument.
27. Both the voluntary tool and the review of the CDM modalities and procedures by reinforcing the credibility and the foundation of the CDM, ultimately contribute to ensure that the CDM makes a growing contribution to the sustainable development of all host countries.
28. The benefits of the quality management system I are intended to contribute to the simplicity and predictability of the processes in all areas and I also ultimately contribute to an enhanced reputation for the mechanism.
29. Finally, it is critical that any initiative proposed by the secretariat to improve the CDM continues to take into account the work of DOEs, given their key role in the mechanism. A major effort was made in 2012 to enhance feedback to DOEs using analyses of data, such as those obtained from DOE performance monitoring and accreditation assessments. Work will continue to be focused on even closer integration of the project cycle process, the DOE performance monitoring process and the CDM accreditation process. This is to ensure that the outcomes of each process appropriately focus future efforts to improve the efficacy of both DOE accreditation and the CDM as a whole.
30. Table 2 lists the improvement initiatives that have been identified as individual projects under this strategic priority area, their contribution to specific Board objectives and the main products expected from these projects.

Table 2. Projects and products of strategic priority area 1 and their linkage to Board objectives

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Sustainable development benefits of CDM projects 149	IT development of the tool within SDM-IS	Q1–Q3 2013	No	6.8 (P) 0 (G)	2
	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		
Strategic direction of the CDM 182	Concept note on the strategic direction of the CDM	Q1 2013	No	11.5 (P) 1.0 (G)	2
	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		
Staged improvement of the quality management system (QMS) 95	Quality management framework	Q1–Q2 2013	No	17.8 (P) 7.0 (G)	1, 4
	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		
Improve the performance and role-	Revision of the accreditation standard	Q3–Q4 2013	Yes	16.0 (P) 5.0 (G)	1, 4
	Revision of the accreditation procedure	Q1–Q2 2013	Yes		

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
definition of operational entities within the mechanism, including through revised standards and procedures 163	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		

Note: P = professional staff; G = general services staff.

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31. The secretariat effort required to deliver the products shown in Table 2 amounts to a total of 52.1 person months of professional staff and 13 person months of general services (support) staff time.

3.2. Strategic priority area 2: Enabling broader and deeper participation

3.2.1. Purpose: strategic priority area 2

32. One of the main criticisms against CDM is the low participation of many countries. In 2010, out of 47 LDCs, 41 (87 per cent) had a DNA, but only 16 (34 per cent) had CDM projects, and only 1 of those had more than 10 CDM projects. There are also some sectors that have potential in achieving objectives of Sustainable Development but are under-represented in the CDM. To address these issues, action should be taken to enable a broader and deeper participation in the CDM of underrepresented regions and sectors 1.

3.2.2. Targeted outcomes: strategic priority area 2

33. The targeted outcomes for this strategic priority area are: standardized baselines applicable to the countries shall be approved; standards and methodologies relevant to these regions and sectors shall be in place; capacity shall be developed for key institutions that can make the mitigation actions happen in these countries and sectors; and facilitation of potential CDM projects.

3.2.3. Indicators: strategic priority area 2

34. The indicators under this strategic priority area are: five standardized baselines from underrepresented regions approved by the Board; an increase by 20 per cent of programme of activities (PoA)-related mitigation activities in underrepresented regions, as compared to 2012; a reduction by 10 per cent as compared to 2012, of the number of countries with fewer than 10 projects; and the development/simplification of 10 standards and methodologies that are relevant to low-income communities impacting sustainable development.

3.2.4. Project benefits: strategic priority area 2

35. Table 3 shows the specific projects related to the CDM that will be managed as part of this strategic priority area and specifies the intended benefits associated with each project.

Table 3. Project benefits of strategic priority area 2

Project name	Intended benefits of listed projects
Standardized Baselines 110	<ul style="list-style-type: none">• Reduced effort, cost and time required for project development/assessment;• Enhanced predictability of the CDM process.• Scaled-up emissions reduction from underrepresented regions while ensuring environmental integrity and sustainability.

Project name	Intended benefits of listed projects
Guidelines on standardized approaches for determining baselines 120	<ul style="list-style-type: none"> Enhanced consistency and simplification of standards and methodologies through standardized approach for baseline-setting; Capacity-building for local expertise on methodology development; Reduction of the cost of methodology development and enhanced access for underrepresented regions.
Implementation of the programme of activity (PoA) standards and procedures 127	<ul style="list-style-type: none"> Mobilization of emission reduction potential from very small projects relevant to low income communities; Streamlined CDM project cycle for diluted emission reduction potential.
Top-down large-scale methodologies using standardized approaches 146	<ul style="list-style-type: none"> Enhanced contribution of the CDM to sustainable development; Broader access to the CDM.
Development and publication of Afforestation/reforestation (A/R) CDM Manual 191	<ul style="list-style-type: none"> Enhanced greenhouse gas mitigation from A/R (under represented sector) CDM project activities; Improved accessibility of A/R CDM standards and identification of potential A/R projects facilitated.
Improving the regional distribution of the CDM: regional collaboration centres 197	<ul style="list-style-type: none"> Identification of gap on skills to make CDM project happens in underrepresented regions for project developers and key institutions and conduction of on the ground capacity building activities to fill the gap; Capacity built for local institutions that will be able to sustain the support for CDM projects development for all relevant actors.
Improving participation of LDCs in the CDM 200	<ul style="list-style-type: none"> More targeted and informed decisions with regard to improving the regional distribution of the CDM; Increased support for LDCs to participate in the CDM; Enhanced regional distribution of the CDM Improvements to regulatory framework, to adapt it to reality in LDCs.

3.2.5. Linkage of Board objectives to projects and products: strategic priority area 2

36. Specific actions are now planned to be undertaken to enable the broader and deeper participation of underrepresented regions and sectors in the CDM. Those actions are intended to enhance the distribution of CDM projects, project types and programmes in

those countries, regions and sub-regions currently underrepresented in the CDM, and further expand the geographical reach of the CDM.

37. Standardized baselines are considered as a key instrument for enabling broader and deeper participation as they enable significant reductions in the effort, cost and time required for project development and assessment. Under this approach, work on addressing the inherent complexities is moved to the initial standard-setting work. The existence of standardized baselines should therefore encourage the scale-up of emission reductions from underrepresented regions while ensuring environmental sustainability. The focus of this work will be to further develop products to enable and facilitate greater participation. Based on the lessons learned, the requirements will be further clarified and where possible simplified. Applicability of the framework will be expanded to the transport sector and A/R sectors. Efforts will also focus on building the capacity of stakeholders to develop and implement standardized baselines. PoAs are another key instrument for increasing participation in the CDM, enabling the mobilization of emission reduction potentials from the very small projects relevant to low income communities, while also greatly streamlining the CDM project cycle.
38. Another target for the period covered by this MAP is to build capacity for key institutions which can then focus on specific mitigation actions in selected regions and sectors. The creation of a group of regional centres aims to assist in more targeted and informed decisions with regard to improving the regional distribution of the CDM by providing increased support for LDC participation. The knowledge gained on the ground will also provide new insights and information to drive improvement in the regulatory framework that considers the realities within LDCs.
39. Table 4 below lists the improvement initiatives that have been identified as individual projects under this strategic priority area, their contribution to specific Board objectives and the main products expected from these projects. Projects and products of strategic priority area 2 and their linkage to Board objectives.

Table 4. Projects and products of strategic priority area 2 and their linkage to Board objectives

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Standardized baselines (SB) 110	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	62.0 (P) 10.0 (G)	3
	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		
	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		

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
	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		
	Procedure on revision, clarification and update of standadrized 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		
Guidelines on standardized approaches for determining baselines 120	Revision of methodologies (10 in number)	Q1–Q4 2013	Yes	9.0 (P) 2.0 (G)	3
Implementation of the Programme of Activity (PoA) standards and procedures 127	Revised large-scale methodologies to improve POA provisions	Q1–Q4 2013	Yes	12.5 (P) 3.5 (G)	3
	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		

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
	Best practices examples for sampling eligibility criteria	Q3-Q4 2013	Yes		
	Report on possible involvement of the regulatory body in the setting of eligibility criteria for some types of POA	Q2-Q3	Yes		
Top-down large-scale methodologies using standardized approaches 146	Revision of grid emission factor tool to simplify the calculation of off-grid component using standardized approaches	Q1-Q2 2013	Yes	9.0 (P) 2.8 (G)	3
	Methodology using standardized approaches for energy efficiency in buildings	Q2-Q3 2013	Yes		
	Energy efficiency methodology for small scale	Q2-Q3 2013	Yes		
Development and publication of A/R CDM manual 191	The UNFCCC Manual for Preparation of Afforestation and Reforestation Projects under the Clean Development Mechanism	Q1-Q4 2013	Yes	3.5 (P) 0.0 (G)	3
Improving the regional distribution of the CDM 197	Strengthened partnerships with organizations at regional level	Q1-Q2 2013	No	125.0 (P) 12.0(G)	3
	Implementation of operations	Q1-Q4 2013	No		
	Report on operations	Q4–2013	No		
Improving participation of LDCs	Recommendation for increasing the number of projects in LDCs	Q1–Q4 2013	No	4.0 (P) 1.5 (G)	3

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
in the CDM 200	Implementation of the recommendations	Q1-Q4 2013	No		

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40. The secretariat effort required to deliver the products shown in Table 4 amounts to a total of 225 person months of professional staff and 31.8 person months of general services (support) staff time.

3.3. Strategic priority area 3: continue to operate the CDM efficiently and effectively

3.3.1. Purpose: strategic priority area 3

41. To further improve the existing mechanism to meet the higher expectations of the outside world while operating in a transparent, efficient and effective way that also addresses the needs of stakeholders. To continue to streamline processes and procedures related to the mechanism and further assist in improving the performance of the Board, working groups and panels. The area of carbon capture and storage (CCS) was approved at the seventh session of the CMP and it is necessary that the CCS modalities and procedures be incorporated into the relevant CDM rules and regulations.

3.3.2. Targeted outcomes: strategic priority area 3

42. The targeted outcomes for this strategic priority area are: the CDM is increasingly efficient and effective in delivering high quality offsets in a transparent manner and with high integrity; improved efficiency, transparency and effectiveness of the mechanism; streamlined processes and procedures related to the mechanism; improved performance of the Board, working groups and panels; and the delivery of high quality offsets.

3.3.3. Indicators: strategic priority area 3

43. The indicators under this strategic priority area are: transparent and efficient criteria in place for the selection of members of panels and working groups, to the satisfaction of the Board; Revisions to the CDM rules and regulations are approved by the Board; the workload of the Board is well-managed; measures are developed for the Board to improve its consistency when taking decisions; and monitoring guidance is in place.

3.3.4. Project benefits: strategic priority area 3

44. Table 5 below shows the specific projects related to the CDM that will be managed as part of this strategic priority area and specifies the intended benefits associated with each project.

Table 5. Project benefits of strategic priority area 3

Project name	Intended benefits of listed projects
Standardized forms and guidelines for completing validation and verification reports 118	<ul style="list-style-type: none"> The validation and verification report forms and guidelines will standardize the reporting of validations and verifications, which will bring more consistency, simplicity and efficiency to the CDM; Support the consistent reporting of validations and verifications by DOEs, which should result in more efficient processing of requests for registration and issuance.

Project name	Intended benefits of listed projects
Improvement of the process for selection and performance appraisal of panel and working group members 145	<ul style="list-style-type: none"> • Transparent and efficient process to shortlist candidates for panels and working groups so as to expedite decisions by the Board; • Improved credibility in the secretariat's management of the support structure of the Board; • Increased transparency, objectivity and efficiency in the selection and evaluation of members; • Improved quality of support from the panels and working groups to the Board.
Governance management related to the Board 150	<ul style="list-style-type: none"> • Improvement of the governance of the Board and its support structure will improve the transparency, accountability and credibility of the CDM; • Workload of the Board is well-managed and the work programme for the year is available to the Board; • Measures are developed for the Board to improve its consistency when taking decisions.
Operationalizing carbon capture and storage (CCS) 160	<ul style="list-style-type: none"> • Support the implementation of CCS in the CDM. • To operationalize the modalities and procedures for CCS project activities in a staged approach; • To put in place standards and procedures.
Monitoring Guidance (Methodologies) 195	<ul style="list-style-type: none"> • Solutions/best practices provided on how to deal with calibration, operation and maintenance of measurement equipment in countries with no accredited laboratories, (by simplifying the monitoring requirements in those countries); • Potential number of requests for deviation and requests for clarification decreases.
Withdrawal and suspension of letters of approval 161	<ul style="list-style-type: none"> • To help project participants in the eventuality of withdrawals and suspension of letters of approval by the host country – providing a way forward.
Development of procedures to address significant deficiencies 162	<ul style="list-style-type: none"> • More clarity for the DOEs in determination of their financial liability / insurance back-ups in case their assessments go wrong.
Revision and improvement of the PS, VVS and PCP 180	<ul style="list-style-type: none"> • The PS, VVS and PCP will be further improved, simplified and clarified.
Development of a streamlined process for dealing with queries from stakeholders 201	<ul style="list-style-type: none"> • Efficient and timely response to stakeholders; • Streamlining the stakeholder response process, avoidance of duplication of work and prevention of contradictory responses.

Project name	Intended benefits of listed projects
Development of a consolidated procedure for the methodology development process 134	<ul style="list-style-type: none">• Development of a consolidated procedure for the methodology development process.

3.3.5. Linkage of Board objectives to projects and products: strategic priority area 3

45. There are inconsistencies that have been identified between procedures, even for the same process type. Further, the entire methodology process has been criticized, for example, for being complicated and inefficient and currently including many separate procedures. This MAP therefore seeks to address many of the work items previously identified by the Board aimed at achieving greater efficiency while still safeguarding environmental integrity.
46. Table 6 below lists the improvement initiatives that have been identified as individual projects under this strategic priority area, their contribution to specific Board objectives and the main products expected from these projects.

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Table 6. Projects and products of strategic priority area 3 and their linkage to Board objectives

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Standardized forms and guidelines for completing validation and verification reports 118	Guidelines for completing the validation report form for CDM project activities at registration	Q2-Q3 2013	Yes	2.5 (P) 0.5 (G)	1
	Guidelines for completing the assessment opinion form for post registration changes	Q2-Q3 2013	Yes		
	Guidelines for completing the validation report form for renewal of crediting period	Q2-Q3 2013	Yes		
	Guidelines for completing the verification and certification report form for CDM Project activities	Q2-Q3 2013	Yes		
	Guidelines for completing the validation report form for CDM programme of activities at registration	Q2-Q3 2013	Yes		
	Guidelines for completing the validation report form for a inclusion of component project activity in a CDM programme of activities	Q2-Q3 2013	Yes		
	Guidelines for completing the verification and certification report form for CDM programme of activities and component project activities	Q1-Q2 2013	Yes		
	Guidelines for completing the monitoring report form for component project activities in a CDM programme of activities	Q2-Q3 2013	Yes		
Improvement of the process for selection	Internal procedures for managing the methodologies roster	Q1 2013	No	2.3 (P) 0.3 (G)	1

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
and performance appraisal of panel and working group members 145	Business requirements for the update of the IT/web interface for methodologies and /AR roster of experts	Q1 2013	No		
	IT implementation (methodologies /AR roster pages)	Q1-Q4 2013	No		
Governance management related to the Board 150	Products that may be required by CMP/Board/Joint Implementation Supervisory Committee(JISC) mandates	Q1-Q4–2013	Yes	5.0 (P) 3.0 (G)	1
	Extension of the Board/JISC Codes of Conduct to their respective panels and working groups	Q1-Q4 2013	Yes		
	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		
Operationalizing carbon capture and storage (CCS) 160	Procedural requirements for CCS project activities for integration in the PCP	2013–2014	Yes	6.0 (P) 1.0 (G)	1
	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		

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Withdrawal and suspension of letters of approval 161	Concept note: on measures required for the Board to deal with withdrawal or suspension of letters of approval by a Party	Q1–Q2 2013	Yes	2.5 (P) 0.5 (G)	1
	Draft amendments to regulatory document(s)	Q2–Q3 2013	Yes		
	IT workflow development and modification.	Q3–Q4 2013	No		
	Communication and/or training with internal and external stakeholders re the new requirements.	Q1–Q3 2013	No		
Development of procedures to address significant deficiencies 162	Concept note: on a CER reserve/pool structure to supplement the significant deficiencies procedure	Q1–Q2 2013	Yes	3.3 (P) 0.3 (G)	1
	IT workflow development and modification.	Q1–Q4 2013	No		
	Communication and/or training with internal and external stakeholders on the new requirements	Q2–Q3 2013	No		
Revision and improvement of the PS, VVS and PCP 180	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	10.0 (P) 0.0 (G)	1
	Revised versions of the PCP, PS and VVS	Q3–Q4–2013	Yes		
Monitoring guidance (methodologies) 195	Monitoring guidelines on how to deal with different issues that appear during the monitoring of CDM project activities	Q1–Q4 2013	Yes	4.0 (P) 1.0 (G)	1

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Development of a streamlined process for dealing with queries from stakeholders 201	Streamlined process for dealing with queries from stakeholders	Q1-Q3 2013	Yes	3.0 (P) 0.0 (G)	1
Development of a consolidated procedure for the methodology development process 134	Revised IT workflow	Q1-Q4 2013	No	3.5 (P) 0.5 (G)	1
	Internal procedure	Q1–2013	No		
	Internal staff training	Q1–2013	No		

47. The secretariat effort required to deliver the products shown in Table 6 amounts to a total of 42.1 person months of professional staff and 7.1 person months of general services (support) staff time.

3.4. Strategic priority area 4: Promotion, outreach and stakeholder interaction

3.4.1. Purpose: strategic priority area 4

48. The secretariat is investing significant resources in developing and maintaining the Kyoto Protocol mechanisms. For these mechanisms, and future UNFCCC-supported mechanisms, to fulfil their potential in support of the objective of the Convention and find acceptance in emerging carbon markets, their value must be made apparent to stakeholders, national policymakers and Parties. International carbon markets, and the CDM in particular, are currently in an extreme slump, due to inadequate demand, fuelled by the global economic recession. At the same time, the first commitment period of the Kyoto Protocol is coming to an end, with uncertain continued access to the CDM for many Parties, but with many new carbon market approaches being discussed or developed inside and outside the UNFCCC. In almost all cases, and despite serious challenges to the reputation of the CDM, policymakers and developers of new carbon mechanisms are looking to the mechanism to see whether and how its experience and capacity can be capitalized on. The projects undertaken are intended to improve, safeguard and make apparent to stakeholders, national policymakers and Parties the value of the CDM, thus increasing the demand and the contributing role of the UNFCCC.

3.4.2. Targeted outcomes: strategic priority area 4

49. The targeted outcomes for this strategic priority area are: the advantages and strengths of UNFCCC-supported mechanisms are widely recognized by stakeholders and policymakers; and the SDM programme is engaged in a dialogue with key stakeholders to support learning and continuous improvements of the mechanisms.

3.4.3. Indicators: strategic priority area 4

50. The indicators under this strategic priority area are: an improving ratio of positive/negative news items about UNFCCC-supported mechanisms; an increasing share of key policymakers in new and emerging carbon markets who have a positive perception of UNFCCC-supported mechanisms and the role of the UNFCCC; decisions by the COP/CMP to use Kyoto Protocol mechanisms as a standard/basis for other market-related mitigation tools; and decisions by new and emerging ETS policymakers to use the CDM/CERs and other units generated by UNFCCC mechanisms within their ETS.

3.4.4. Project benefits: strategic priority area 4

51. Table 7 shows the specific projects related to the CDM that will be managed as part of this strategic priority area and specifies the intended benefits associated with each project.

Table 7: Project benefits of strategic priority area 4

Project name	Intended benefits of listed projects
Implementation of a feedback mechanism in the communication procedure 128	<ul style="list-style-type: none"> • A systematic approach to collecting, distributing in-house, and reporting on the action taken on stakeholder inputs will facilitate the secretariat's work to continually improve the CDM; • Systematically collecting stakeholder inputs, including areas of concern/recommendations for improvement in the operation of the mechanism, and regularly feeding this back to the Board will enhance the Board's ability to make informed decisions, including decisions that might affect the image and reputation of the mechanism.
Enhanced media outreach 170	<ul style="list-style-type: none"> • Increased amount and quality of reporting on the CDM; • Increased awareness and accurate understanding about the mechanism.
CDM perception and reputation management 183	<ul style="list-style-type: none"> • An effective brand strategy will validate the CDM mission, core values and strategic priorities, build trust and loyalty, clarify its position in the marketplace, help align internal culture and external reputation, and help ensure sustainability.
Dialogue with carbon market policy makers 199	<ul style="list-style-type: none"> • Decision makers in carbon markets are made aware of the benefits of allowing UNFCCC supported mechanisms into their markets, resulting in: (a) increased access, and demand for UNFCCC-generated mitigation units; and (b) increased coherence between markets through the use of similar (UNFCCC) standards and methodologies; • The development of UNFCCC supported mechanisms is informed by the views and expectations of carbon market policy-makers.

3.4.5. Linkage of Board objectives to projects and products: strategic priority area 4

52. International carbon markets, and the CDM in particular, are currently experiencing extreme difficulties due to inadequate demand fuelled by a global economic recession. At the same time, the first commitment period of the Kyoto Protocol has ended with huge uncertainty regarding the continued access to the CDM for many Parties. Simultaneously, new carbon market approaches are now being discussed or developed inside and outside the UNFCCC. In almost all cases, and despite serious challenges to the reputation of the CDM, policymakers and developers of new carbon mechanisms are looking to the mechanism to see whether and how its experience and capacity can be capitalized on.
53. Enhanced media engagement procedures and plans intend to balance the existing critique of the mechanism in the media and the press with a fair and accurate representation of the mechanism's benefits, strengths and weaknesses. This will also help ensure that media opportunities are identified and capitalized upon and potential risks are identified and mitigated.
54. In the light of, among other things, the restrictions imposed by the European Union, criticism from CDM stakeholders, competition from emerging carbon market tools, the recommendations from the high-level panel on the CDM Policy Dialogue for immediate reforms, and requests by the Board for the secretariat to increase its efforts to communicate the benefits of the CDM, it is imperative that a new identity is created for the CDM, one that reflects the values of a responsive mechanism that is fit for the future. The repositioning project will improve the image of the CDM and include guidance on safeguarding the mechanism's reputation in future. It is crucial to engage in a continual, structured dialogue with key stakeholders and policymakers that informs mechanism development and executive decision-making.
55. The dialogue with the carbon market policy makers will ensure that decision makers in carbon markets are made aware of the benefits of allowing UNFCCC supported mechanisms into their markets, resulting in increased access, and demand for UNFCCC-generated mitigation units, and increased coherence between markets through the use of similar (UNFCCC) standards and methodologies.
56. Table 8 that below lists the improvement initiatives that have been identified as individual projects under this strategic priority area, their contribution to specific Board objectives and the main products expected from these projects.

Table 8. Project and products of strategic priority area 4 and their linkage to EB objectives

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Implementation of a feedback mechanism in the communication procedure. 128	Feedback mechanism for the communication procedure	Q1-Q4 2013	No	3.0 (P) 0.0 (G)	4
Enhanced media outreach 170	Media engagement procedures	Q1–2013	No	2.0 (P) 1.0(G)	4
	Enhanced CDM and joint implementation (JJI) media engagement plans	Q1–2013	Yes		
	Focused media lists	Q1–2013	No		
CDM perception and reputation management 183	CDM brand, personality, voice and values	Q4–2013	Yes	10.5 (P) 3.0 (G)	4
	Visual presentation	Q4–2013	Yes		
Dialogue with carbon market policy makers 199	Strategy for dialogue with carbon market policy makers	Q1–2013	No	8.0 (P) 1.5 (G)	4
	Implementation reports	Q4–2013	No		

57. The secretariat effort required to deliver the products shown in Table 8 amounts to a total of 23.5 person months of professional staff and 5.5 person months of general services (support) staff time.

3.5. Strategic priority area 5: development of appropriate tools and systems

3.5.1. Purpose: strategic priority area 5

58. The nature of the work for the secretariat is changing and increasing in areas that had not required much systems support in the past, because mandates did not exist or volumes were low. A typical example is the programmes of activities, where an increase in volume is expected. In order to support that growth efficiently and maintain the expected standards of transparency a series of projects and related activities have therefore now been identified and will be undertaken in the period covered by this MAP.

3.5.2. Targeted outcomes: strategic priority area 5

59. The targeted outcomes for this strategic priority area are: SDM processes are supported effectively and transparently by an information system in the targeted areas (PoAs, communication with stakeholders, prior consideration, support and administration).

3.5.3. Indicators: strategic priority area 5

60. The indicators under this strategic priority area are: reduced effort and cost per transaction for the targeted processes (PoAs, communication with stakeholders). improved quality and indicative timelines of outputs (CDM registry, prior consideration).

3.5.4. Project benefits: strategic priority area 5

61. Table 9 below shows the specific projects related to CDM that will be managed as part of this strategic priority area and specifies the intended benefits associated with each project.

Table 9. Project benefits of strategic priority area 5

Project name	Intended benefits of listed projects
Improve co-ordination of activities related to regional distribution, including through the Nairobi Framework partnership 56	<ul style="list-style-type: none"> • Reinvigorated the Nairobi Framework, thus ensuring it becomes a primary focus for all partners' capacity-building and project support initiatives in 2013; • Engaged relevant agencies outside the Nairobi Framework to support its aims; • Positioned the UNFCCC Secretariat as a leading agency in addressing regional distribution and promotion of the mechanism in underrepresented countries and regions.

Project name	Intended benefits of listed projects
Review and Upgrade of the CDM Registry 135	<ul style="list-style-type: none"> • CDM account holders have direct, secure and reliable access to information pertaining to their accounts; • Risk of technical mistakes in processing forwarding transactions from holding accounts is minimized; • Efficiency in processing forwarding transactions from holding accounts. • Increased transparency and clarity in the CDM registry operations; • Improved information services to carbon market participants; • Basis for decision to carry out future modifications to the CDM registry operations.
Support of issuance at the end of the commitment period 136	<ul style="list-style-type: none"> • Enable issuances for the next commitment period.
Database improvements for managing contact data for project participants and focal points 137	<ul style="list-style-type: none"> • Reduce the time and effort in maintaining project participants/focal points information and in verifying requests for changes to MoC statements.
System to Support PoAs 138	<ul style="list-style-type: none"> • The rules for performing POA issuance are clear; • PoA requests can be processed without intervention of ITS; • PoA requests can be processed with less effort by SDM than at present.
Prior consideration workflow 139	<ul style="list-style-type: none"> • An audit log, if implemented, shall enable the PC forms to be tracked and linked which shall help in tracking and resolving queries further faster; • More and fast efficient processing of submissions/notifications; • Less disputes about submission dates and lesser queries on status.

Project name	Intended benefits of listed projects
System for receiving and processing communications from stakeholders 153	<ul style="list-style-type: none"> • Streamlining and greater efficiency (automated vs. manual system) of communications management process; • Increased transparency of the process and channels of communication between stakeholders and the Board; • Enhanced capacity and understanding via information sharing on areas where clarification is sought • Availability of data/statistics for management reporting.
Initiatives to reduce the cost of support and administrative activities (communications management, finance) 75, 179, 184, 186	<ul style="list-style-type: none"> • Time and effort required for processing targeted activities reduced; • Improvement of the quality of outputs for the targeted support and administrative activities.

3.5.5. Linkage of Board objectives to projects and products: strategic priority area 5

62. The benefits of the projects identified in strategic priority area 5 will contribute to the simplicity and predictability of the processes in the areas of programmes of activities, issuances through the upgrade of the registry, stakeholder communication and prior consideration.

Table 10 below lists the improvement initiatives that have been identified as individual projects under this strategic priority area, their contribution to specific Board objectives and the main products expected from these projects.

Table 10. Strategic priority area 5 supporting Board objectives

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Improve co-ordination of activities related to regional distribution, including through the Nairobi Framework partnership 56	Online mechanism for information-sharing among partners	Q1-Q2 2013	No	1.3 (P) 0.5(G)	1
Review and Upgrade of the CDM Registry 135	New IT component	Q3–2013	No	3.6 (P) 0.4 (G)	1
	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		
Support of issuance at the end of the commitment period 136	IT workflow for monitoring periods covering both commitment periods	Q1–2013	No	0 (P) 0 (G)	1
	CDM-IS interface with CDM registry relating to monitoring periods covering both commitment periods	Q1–2013	No		

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
Database improvements for managing contact data for project participants and focal points 137	Migration and rollout of Memorandum of Communication SDM IS	Q2 2013	No	4.5 (P) 5.3 (G)	1
System to support PoAs	Rule for host party identifier for the issuance of CERs for PoAs.	Q1–2013	No	3.9 (P) 0.4 (G)	1
	Workflow to support: PoA requests for registration; PoA publication of monitoring reports; PoA requests for issuance; Review of erroneous inclusion of CPAs; and post-registration changes to PoAs.	Q1–2013	No		
	Systems administered by the secretariat (ITL, CDM IS, CDM registry) can support issuance for PoAs	Q1–2013	No		
Prior consideration workflow 139	Web interface for digitized form and webpage modifications	Q3-Q4 2013	No	2.0 (P) 0.5 (G)	1
	Workflow development	Q3-Q4 2013	No		
System for receiving and processing communications from	Web interface for digitized letter (form) and webpage modifications	Q1-Q2 2013	No	5.3 (P)	1

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
stakeholders. 153	Internal workflow development	Q1-Q2 2013	No	1.0 (G)	
	Management reporting	Q1-Q2 2013	No		

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63. The secretariat effort required to deliver the products shown in Table 10 amounts to a total of 24.3 person months of professional staff and 11.3 person months of general services (support) staff time.

3.6. Project 105: SDM information system (IS)

64. In the course of 2012 this project was launched with a view to completing implementation over the 2012–2014 period. As this project continues as a major one-off project it has not been included in one of the specific priority areas of this MAP.

3.6.1. Purpose: project 105

65. This project addresses the major improvement in SDM processes and the information technology required for the programme to be fit for the future. The legacy system it replaces was developed in-house and supported the CDM well in the rapid development of the mechanism. The CDM in its current, larger form and the continuous flow of changes are revealing its serious shortcomings and it has become a major constraint on the future evolution of the mechanism.
66. The new SDM IS is based on a world-class IT collaboration suite in secure outsourced data centres. In a phased implementation approach the SDM programme will start using the standard functionality, enable further process automation, improve the business intelligence and associated reporting and replace the current CDM IS. The usage of the world-class IT collaboration suite should contribute to more flexible and responsive systems.

3.6.2. Targeted Outcomes: project 105

The targeted outcomes for this project are that it should deliver:

- (a) 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”;
 - (b) A new process and system solution that minimally meets current requirements / systems, including data migration and data cleansing;
 - (c) Rapid implementation of standard functions of the new systems to enable improved ways of working;
 - (d) Sustainable organization – starting at strategy and product management, via change management of processes, systems and organizational impact and implementation in operations of the SDM programme and its IT partners.
67. The exact scope of potential full business automation is to be defined and scoped / funded for this project or other projects in the future.

3.6.3. Indicators: project 105

68. The indicators for this project are:
- (a) Reduction by 70 per cent in the systems implementation time of a typical workflow to deliver new and change procedures;

- (b) Reduction by 90 per cent of time to upload documents;
- (c) Faster delivery of websites with more functionality;
- (d) Reduction in the involvement of ITS in day-to-day content management activities by 80 per cent;
- (e) 90 per cent reduction in effort in finding documents and records;
- (f) Time taken to generate regular reports reduced to under one business day after close of reporting period;
- (g) 99.9 per cent availability of IT solution during agreed service hours;
- (h) Improved performance of IT solution responsiveness by 90 per cent.

3.6.4. Project 105 benefits

69. Table 11 below shows the intended benefits associated with this project.

Table 11. Project 105 benefits

Project name	Intended benefits of listed projects
SDM-IS 105	<ul style="list-style-type: none"> • New and enhanced functionality available more quickly; • Simplification of day-to-day business processes by reduction of ITS involvement in day-to-day business actions leading to more responsive services to SDM customers; • Greater transparency in the work of the SDM programme in support of the mechanisms; • Enable modern and efficient collaboration with stakeholders. • Compliance with the secretariat's record management policy and a reduction of effort spent on record management; • The new SDM-IS should support new features; • Improved near-to-real time management information; • Better information to understand and manage the flow of work; • Workflows more accurately reflect working practices; • Operation to an agreed service level.

3.6.5. Linkage of Board objectives to project 105

70. Table 12 below lists the improvement initiatives that have been identified under this project, their contribution to specific Board objectives and the main products expected from this project.

Table 12. Products of Project 105 and linkage to EB objectives

Project title	Product	Indicative Timelines	Board consideration	Person months	Board Obj.
SDM-IS 105	SDM Information System	2013–2014	No	70.6 (P) 7.3 (G)	1, 4

71. The secretariat effort required to deliver the products shown in Table 12 amounts to a total of 70.6 person months of professional staff and 7.3 person months of general services (support) staff time.

4. Routine operations

72. In order to provide the full compliments of the activities in the 2013–14 MAP, in addition to the above sections on strategic projects, this section details the routine operations performed by the secretariat in support of the Board and the mechanism in general. It should be noted that the majority of these activities need to be performed as long as the CDM continues to function. The amount of resources required would obviously vary depending on the scale and intensity of the operations at a given point in time. While the tables have attempted to segregate these functions into four tables so as to link them to a particular objective, it should also be noted that routine operations, by their very nature, are cross-cutting and support multiple objectives. The contents of each table should therefore be viewed as indicating the objective for which it is felt that the most substantive contribution by a particular routine operation is made.
73. Table 13 provides details of the routine activities which substantially contribute to Board objective 1: “Provide for simplicity and predictability in the operation of the CDM and ensure the integrity of CERs”, and which are required to support the ongoing work of the Board and the CDM as a whole, for the two-year period covered by this MAP.

Table 13. Routine operations supporting the CDM business plan 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
CS-005 – Supporting the activities of the DOE/AIE Forum	0	15

Identification number - description	G staff	P staff
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 on-going financial support according to best practices	101	18
CS-127 - Provide on-going human resources support according to best practice	22	22
CS-130 - E-mail, SDM network drive (G drive) and network resource management	11	5
CS-131 - Official document management, including cataloguing and indexing regulations	16	29

Identification number - description	G staff	P staff
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
Total resource needs (person months)	714(G)	1342(P)

74. Table 14 provides details of the routine activities which substantially contribute to Board objective 2: “Ensure the CDM makes a growing contribution to the sustainable development of all host countries”, and which are required to support the on-going work of the Board and the CDM as a whole, for the two-year period covered by this MAP.

Table 14. Routine operations supporting the CDM business plan objective 2

Identification number - routine activity title	G staff	P staff
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
Total resource needs (person months)	24 (G)	76 (P)

75. Table 15 provides details of the routine activities which substantially contribute to Board objective 3: “Further expand the geographic reach of the CDM”, and which are required to support the on-going work of the Board and the CDM as a whole, for the two-year period covered by this MAP.

Table 15. Routine operations supporting Board business plan objective 3

Identification number – Routine activity title	G staff	P staff
CS-016 – Coordination of secretariat activities related to regional distribution	13	20
CS-102 – On-going administration of the Learning Management System (LMS)	11	2

Identification number – Routine activity title	G staff	P staff
CS-104 – Production of dynamic lists of speaking points about CDM	0	5
CS-107 – On-going support for training, capacity-building and hand-holding exercise on standardized baselines with DNAs and project participants	1	4
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
Total resource needs (person months)	27 (G)	157 (P)

76. Table 16 provides insights into the routine activities which substantially contribute to Board objective 4: “Promote the use and safeguard the reputation of the CDM as a mechanism for low carbon development”, and which are required to support the ongoing work of the Board and the CDM as a whole.

Table 16. Routine operations supporting CDM business plan 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
Total resource needs (person months)	84 (G)	184 (P)

77. The secretariat effort required to execute this MAP – namely, to deliver the products shown in tables 2, 4, 6, 8, 10 and 12, and undertake the routine operations shown in tables 13, 14, 15 and 16 – amounts to a total of 2221 person months of professional staff

and 932 person months of general services (support) staff time. A contingency of 183 person months of professional staff and 60 person months of general services (support staff) is added in order to cover possible additional projects or new mandated activities which could happen during the two year period.

78. Table 17 below synthesizes the effort required, in person-months, for the two year period covered by this MAP.

Table 17. Overview of the secretariat effort required for 2013–2014

Area	G staff	P staff
Strategic priority area 1: Contribute to the strengthening of the foundation for future carbon markets	13	52
Strategic priority area 2: Enabling broader and deeper participation	32	225
Strategic priority area 3: Continue to operate the CDM efficiently and effectively	7	42
Strategic priority area 4: Promotion, outreach and stakeholder interaction	8	24
Strategic priority area 5: Development of appropriate tools and systems	11	24
Project 105: SDM-IS	12	95
Routine operations	849	1759
Contingency	60	183
Total (person months)	992	2404

79. The number of staff required for the period 2013–2014, as displayed in Table 17, will ensure that the secretariat has the necessary capacity to undertake the work as planned in this MAP.

5. Critical success factors

80. 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.
81. The **second critical success factor** is that the Board will schedule periodic reviews of the status of implementation of its business plan to allow it to make the mid-course

corrections of priorities that will be required as the future direction of the mechanism is clarified.

82. The **third critical success factor** is that the Board support structure maintains the required capacity and capability to deliver inputs of the necessary quality, and on schedule, so as to allow the Board to confidently make appropriate decisions in a timely and efficient manner.
83. The **fourth critical success factor** is that DOE performance will further improve 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.
84. In order to manage the risks associated with these critical success factors and future uncertainty in the demand for the products and services delivered by the CDM, it is essential that the Board periodically plans a review of 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 continue to be strengthened so that the enhanced reports generated as a result can assist the Board in ensuring that the risks associated with each of the critical success factors are appropriately managed.

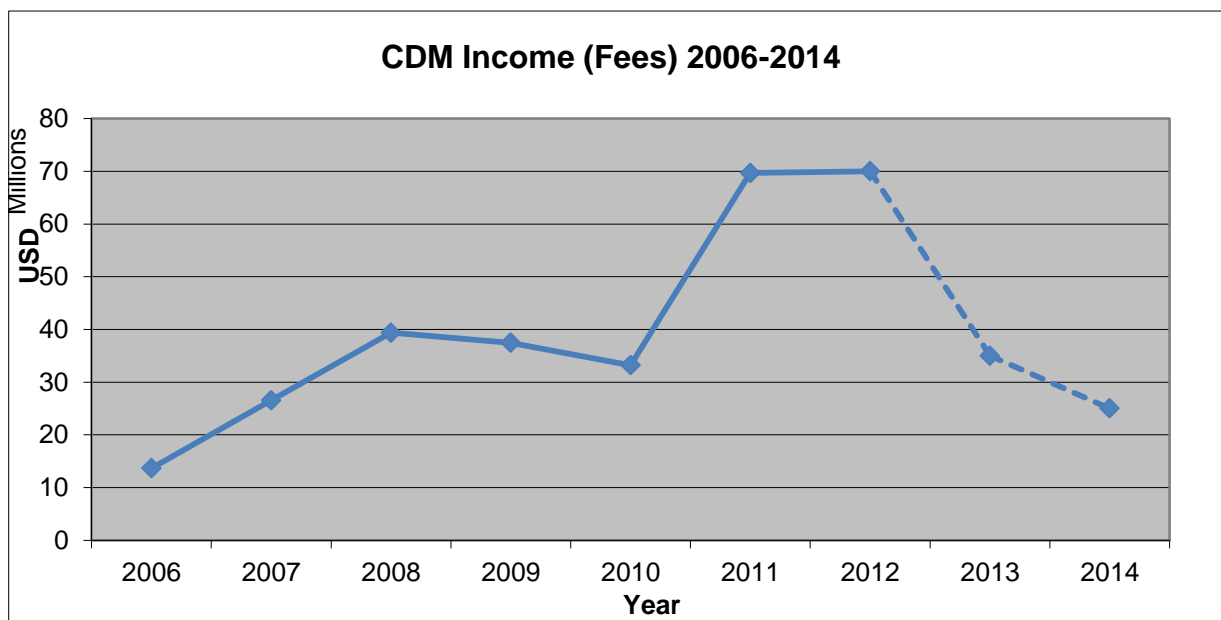
6. 2013–2014 programme budget

85. 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

86. 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 (50 per cent) when compared to the projected 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.
87. Figure 1 provides details of the income received from fees and share of proceeds for the period 2006 to 2011. Projections are also included for the period 2012 to 2014.

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



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6.2. 2013 – 2014 budget

88. The proposed budget for the two-year period of the business plan and associated MAP is USD 76.2 million. The 2013 budget amounts to USD 38.5 million, a decrease of USD 1.2 million when compared to 2012. The 2014 budget amounts to a total of USD 37.7 million, a decrease of USD 0.8 million when compared to 2013 and an overall decrease of USD 2 million compared to 2012. See Table 18 and figure 2.

Table 18. Comparison of budgets 2012, 2013–2014 (in USD)

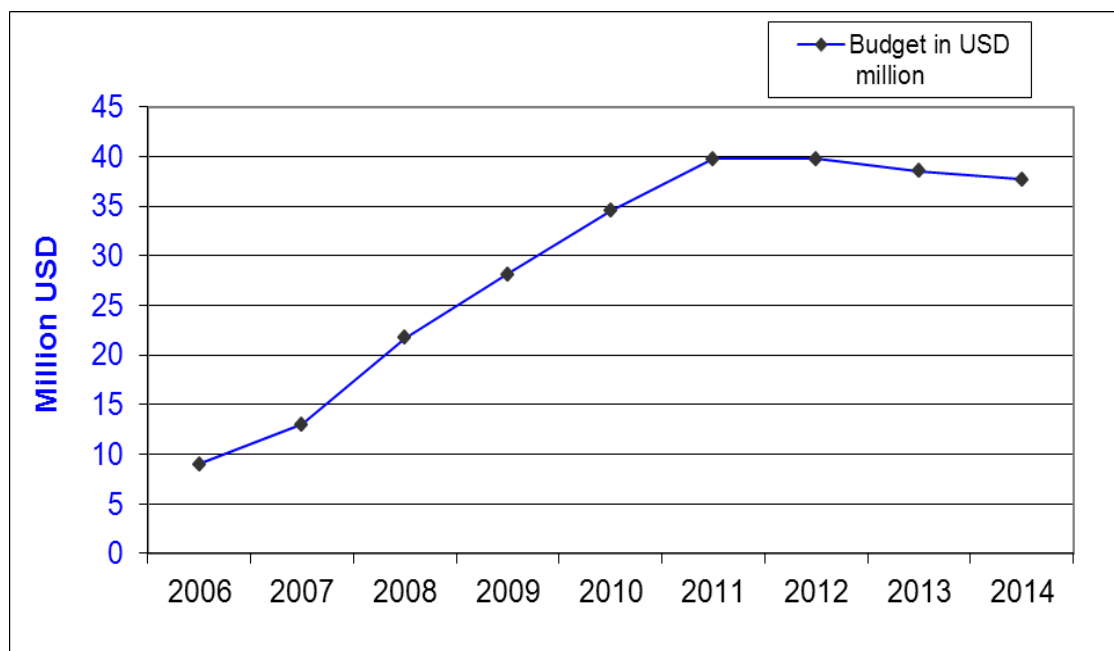
Object of Expenditure	Budget 2014	Budget 2013 ^(a)	Budget 2012	Difference 2013 vs 2012	% Difference 2013 vs 2012	Difference 2014 vs 2013	% Difference 2014 vs 2013
Staff	18,613,374	18,812,758	20,060,885	-1,248,127	-6%	-199,385	-1%
General Temporary Assistance	186,134	188,128	191,304	-3,176	-2%	-1,994	-1%
Consultants	1,722,241	1,722,241	1,574,188	148,054	9%	0	0%
Expert Fees	962,000	1,039,720	1,745,740	-706,020	-40%	-77,720	-7%
Expert Travel	1,679,596	1,797,404	1,714,471	82,934	5%	-117,808	-7%
Staff-related costs	59,539	62,420	61,037	1,383	2%	-2,880	-5%
Travel of Representatives	1,233,805	1,590,234	2,078,802	-488,569	-24%	-356,429	-22%
Travel of Staff	507,909	551,491	871,090	-319,600	-37%	-43,582	-8%
Training & Skills Development	540,647	540,647	837,422	-296,775	-35%	0	0%

Object of Expenditure	Budget 2014	Budget 2013 ^(a)	Budget 2012	Difference 2013 vs 2012	% Difference 2013 vs 2012	Difference 2014 vs 2013	% Difference 2014 vs 2013
Operating Expenses	7,400,244	7,327,179	5,355,503	1,971,676	37%	73,065	1%
Mobile telecommunication	49,400	49,400	72,900	-23,500	-32%	0	0%
Supplies	35,000	35,000	235,000	-200,000	-85%	0	0%
EB Grants	357,000	357,000	357,000	0	0%	0	0%
Sub-total	33,346,889	34,073,621	35,155,342	-1,081,721	-3%	-726,732	-2%
Programme Support 13% Overhead	4,335,096	4,429,571	4,570,194	-140,624	0%	-94,475	-2%
Total	37,681,984	38,503,192	39,725,536	-1,222,344	-3%	-821,207	-2%

^(a) Not included in Table 18 above is a budget of USD 2.25 million for a major project in 2013 to continue the implementation of a new information technology (IT) system.

89. Staff costs continue to be the major component of the proposed budget, at just under 50 per cent of the overall budget. However, the budget for staff cost is expected to decrease in 2013 and again in 2014. The reason for this reduction is explained in more detail in section 7, Human Resources. In addition, the successful completion of the recruitment exercise has provided a more accurate budgetary figure as there is no longer a need for the complex estimation process previously required given the time lag between the Board approval of posts and the posts successfully being filled. No additional posts are requested for 2013 and 2014.
90. Operating expenses for 2013 and 2014 amount to approximately USD 7.4 million per year, an increase of USD 1.9 million per year when compared to 2012. The increase is due in part to the inclusion of USD 500,000 per year to cover the cost associated with an engagement agreement for meeting support. Operational expenses also include an amount of USD 2.7 million per year for an engagement agreement for IT services. An amount of USD 2.0 million in total is also included to cover the two year period to support collaboration with regional partners in providing direct support to facilitate project development in underrepresented countries.
91. With regard to the budget for expert fees, a decrease of 40 per cent (USD 700,000) is proposed in 2013 compared to 2012 and a further reduction of seven per cent (USD 80,000) is proposed in 2014. This is attributable to the expected decrease in the number of project registrations.
92. The proposed budget for consultants in 2013 includes the support required to complete the methodological work planned for the next two years. Specific work items will address the important areas of standardized baselines, programmes of activities 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 further refined as specific needs in these and other areas are evaluated and prioritized.
93. 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 Germany. 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.

Figure 2 CDM annual budget 2006 to 2014 (in USD)



6.3. Budget and Expenditure for 2012

94. Table 19 provides details of budget versus actual expenditure as at 30 September 2012. It should be noted that the Table excludes costs related to the CDM budget for major projects, which amounted to USD 3.5 million in 2012. This brings the expenditure to USD 31.7 million as at 30 September 2012.

Table 19. CDM budget and expenditure comparison 2012 (in USD)

Object of expenditure	Budget 2012	Expenditure as at 30 September 2012	Expenditure rate at 30 September
Staff	20 060 885	13 551 808	68%
General Temporary Assistance	191 304	350 194	183%
Consultants	1 574 188	1 090 130	69%
Expert fees	1 745 740	1 823 500	104%
Expert travel	1 714 471	1 237 908	72%
Staff-related costs	61 037	68 578	112%
Travel of representatives	2 078 802	1 191 334	57%
Travel of staff	871 090	457 364	53%
Training and skills development	837 422	157 213	19%
Operating expenses	5 355 503	4 632 525	87%

Object of expenditure	Budget 2012	Expenditure as at 30 September 2012	Expenditure rate at 30 September
Mobile telecommunication	72 900	44 448	61%
Supplies	235 000	62 137	26%
Board grants	357 000	275 600	77%
Sub-total	35 155 342	24 942 739	71%
Programme support 13% overhead	4 570 194	3 242 556	71%
Total	39 725 536	28 185 295	71%

95. Table 20 provides the income, expenditure and fund balance as at 30 September as well as the projections to 31 December 2012.

Table 20. Balance of funds for reporting period

	USD	USD
Fund balance	Actual at 30 September 2012	Projected at 31 December 2012
Carry-over at 31 December 2011	74 516 906	74 516 906
Income 2012	59 425 732	70 000 000
Funds available	133 942 638	144 516 906
2012 expenditure	31 681 390	42 500 000
Balance^(a)	102 261 248	102 016 906

^(a) The reserve of USD 45 million set at EB45 is not included in the table 20 figures above.

Table 21. Trend in CDM programme expenditure, by year (million USD)

Year	2006	2007	2008	2009	2010	2011	2012a
Expenditure USD	5,1	10,2	17,6	24,8	29,6	34,2	42.5
Percentage increase in expenditure vs prior year	n/a	101%	72%	41%	19%	16%	24%

7. Human resources

96. 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.

97. 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 22). 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.
98. Table 22 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 22. Use of approved posts (2006–2014)

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

99. 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.
100. 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.
101. In addition to the previous challenge of identifying and recruiting such large volumes 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. In this regard, it should be noted that a call for experts was published on the CDM website in 2010 and re-launched in December 2011 to identify appropriate expertise to assist in addressing the registration and issuance case load. A total of 41 experts have now been identified. In line with the direction given by the Board, the SDM programme plans to continue to utilize 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>
01.0	5 November 2012	Initial publication as an annex to the annotated agenda of EB 70.
Decision Class: Operational Document Type: Information note Business Function: Governance Keywords: work programme, MAP, EB		

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