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Item 5 of the provisional agenda
Issues relating to the clean development mechanism

Annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

Addendum

Part II

Annex

Clean development mechanism management plan 2007–2008

The clean development mechanism (CDM) management plan 2007–2008 annexed here has been reproduced as approved by the Executive Board of the CDM, at its twenty-seventh meeting, and without formal editing.

CDM MANAGEMENT PLAN 2007–2008
Version 1

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CDM MANAGEMENT PLAN 2007–2008

Executive summary

Experience in 2006: This year has seen exponential growth in caseload (more than 30 per cent higher than expected (30.9.2006: 397 instead of forecasted 300), an increase in human resources on panels, and a secretariat building to reach the operational support level envisaged for it in CDM MAP 2006.

Key objectives: CDM MAP 2007–2008, which draws on experiences in 2006, foresees:
- Processing of a higher caseload;
- The Executive Board, its panels and working groups focusing on key issues and converting lessons learned into actions that address shortfalls and potential bottlenecks;
- Steady enhancement of the secretariat's ability to provide analytical support (drafting/preparation of input such as draft recommendations, option papers);
- Increased interaction between the Board and DOEs/AEs to harmonize assessments/reports and ensure that project participants receive adequate, timely support;
- Productive interaction between the Board and the DNA Forum, which held its first meeting in October 2006;
- Publication of a catalogue of Board decisions and development of a CDM Bazaar, a website for exchange of information about projects in search of funding;
- Enhanced public information and awareness about CDM;
- Efforts in support of capacity-building as may be mandated by the COP/CMP at its second session.

Key assumptions regarding caseload: In 2007 there are about 800 (2006: 400) requests for registration and issuance expected; about 180 (2006: 120) proposals for methodologies, requests for guidance on methodologies and adoption of project developer tools/modules; as well as 250 (2006: ~20) decisions regarding accreditation issues .

Key assumptions regarding caseload 2007–2008:

	2007	2006
Total annual budget (Suppl. / Core) in USD million p.a.	2007: (~13.9 / ~2.3) 2008: (~13.9 / ~2.0)	(~9 / ~2.2)
Professional staff (P) (no.)	37	24
General Service staff (G) (no.)	21	16
No. of meetings (EB/MP/AP/A-R/SSC) (DNA Forum / Coordination workshop)	(8/6/6/5/5) (2 / 1)	(8/6/5/4/2) (0 / 1)

CDM MAP 2007–2008 will need to be reviewed in light of any guidance from the COP/CMP at its second session on CDM capacity-building. It will also have to be reviewed in 2007 to reflect growth in 2007 not planned for in UNFCCC 2006-2007 programme budget and changes in modalities of payment for services provided by other units in the secretariat (e.g. information and communications technology, such as network, internet access, licences, support, etc. and conference affairs).

I. Introduction

1. CDM Management Plan 2007–2008 (CDM MAP 2007) is designed to strengthen the capacity of the CDM Executive Board and its support structure – including panels and working groups, designated operational entities and the secretariat – to meet the requirements arising from decision 7/CMP.1 and the challenges of a growing caseload.

2. The plan is based on functions and provisions of the CDM modalities and procedures as contained in the Marrakesh Accords and subsequent decisions adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its first session, guidance from the COP/CMP at the same session, and experience of the Board in 2006.

3. The plan – for the period from the end of the third quarter 2006 to the end of 2008 – has been elaborated to provide the Board, and all other actors working on the CDM, clear direction and full awareness of what is required to deliver the CDM both in terms of roles/functions/caseload and budget needs. In accordance with paragraph 13 of decision 7/CMP.1, the Board will review and assess the plan periodically and adjust it accordingly, as needed.

4. The CDM-MAP 2007 (Version 1) has been adopted based on a proposal by the Executive Secretary of the UNFCCC in response to needs defined by the Board . During the year 2007 further versions of the CDM-MAP 2007 will be developed and adopted. Each version will be published as an annex to the report of that EB meeting, where it is adopted. As announced in the Board report to CMP at its second session[1], this version of the CDM-MAP is included as annex to the addendum to the EB report to CMP to ensure full transparency of the provisions in paragraph 13 of decision 7/CMP.1.

5. The growth of the CDM has been higher than anticipated in the 2006-2007 UNFCCC programme budget. Consequently, provisions for the additional services (e.g., IT services and equipment, common services such as office space, as well as administrative and conference services) need to be covered from resources in the CDM-MAP. These figures can only be assessed early in 2007. Hence the CDM-MAP will need adjustment in the course of 2007 to reflect such costs additional in a transparent and secretariat wide consistent manner, in accordance with decision 15/CP.1[2]. Some initial provisions for IT equipment have already been made in order to ensure that new staff will be equipped on arrival. However, those amounts will be adjusted in light of the secretariat wide approach.

6. The Board, aware of the responsibility transferred to it by the provisions included in 7/CMP.1 on budgetary matters through the management plan, would like to invite the CMP to take note of the CDM-MAP and provide guidance or clarification to the EB and to the secretariat on the implementation of subparagraph 13(a) with a view to ensuring that the arrangements are satisfactory and provide the necessary accountability.

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[1] See paragraph 115 in "Annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol" (FCCC/KP/CMP/2006/4)

[2] "Should a fund established under 15 or 16 above result in additional liability to the core administrative budget, that liability must be quantified and approved in advance by the Conference of the Parties" para 17 of decision 15/CP.1.

II.   Key lessons learned in 2006

7.   The fundamental procedures of the CDM have been in place since 2001. Since then, with each passing year and project cycle milestone, valuable experience has been gained upon which to improve the functioning of the mechanism. A highlight in 2006 was the first issuance of certified emission reductions, the final step in the project cycle.

8.   The recurring challenge is to effectively apply the many lessons learned. Good communication between the Executive Board and project participants and DOEs is critical, especially to ensure that quality standards are applied and met.

9.   Productive interaction between all the players in the CDM is of critical importance. At the end of last year the Board decided to establish a forum for designated national authorities. The first meeting of the DNA Forum was held in October 2006. Given the success and the strong interest in such a forum, resources were allocated in CDM MAP 2007 to support its continued operation by including staff time to provide basic substantive and logistical support as well as the cost of holding two meetings per year. Additional funding other than share of proceed may be sought for holding additional meetings.

10.   A well-established and operational support structure, which provides institutional memory and impartial substantive support and process work, is fundamental to the success of the CDM. The CDM's support structure envisaged in the CDM-MAP 2006 is not yet fully in place, which makes it impossible to deliver on all aspects of CDM-MAP 2006 and requests emanating from 7/CMP.1. Finding and retaining the required specialized human resources is difficult. The CDM is expanding rapidly, as is indeed the entire carbon market. The Executive Board and its support structure must compete with all other players in the market for the same expert resources.

11.   However, experience has shown that the increases in human resources and allocation of certain responsibilities to the secretariat in support of the panels, working groups and the Board provided for signals that point out that the direction is appropriate. Points to consider:

   a.   The Board, as its name implies, aims at becoming more and more enabled to focus on executive matters. It can do this:

      i.   If the quality of input to the system (from project participants and DOEs) is of a high quality;

      ii.   If analytical support is provided by the secretariat (drafting of decisions/recommendations/options);

   b.   Issues outside the caseload can be addressed by the Board if the panels focus on key issues, enabled by analytical support by the secretariat;

   c.   The clarity and usefulness of documentation (panel reports, meeting annotations, meeting reports) is improved, with enhanced support from the secretariat (support from the public information officer, drafting of explanations of Board decisions, ongoing enhancement of the website), and catalogue of decisions ;

   d.   Dedicated legal support from the secretariat is required.

12. A matter of concern is the increasing demands placed on the Board, in particular in the issuance step of projects, when a decision to conduct a review could lead to million-euro losses or gains for project participants in very short periods of time. Success by the COP and COP/CMP in continuing to ensure legal protection of the Board is essential for members to assume an executive role within the context set by the CDM modalities and procedures.[3]

III. Plan 2007–2008 by focal area

13. This section provides an overview of activities and caseload assumptions for 2007–2008. A status of key assumptions to the end of September 2006 is given as a benchmark. The following chapter IV, Budget and financial resources 2007–2008, is structured accordingly. The present operating assumption is that the nature of the activities will remain the same in 2008 and that the caseload will remain stable.[4]

14. The changes in all focal areas can be characterized as follows:

   a. Catering to a higher caseload;

   b. Shifting of analytical preparatory work from Board, panel and working group members to the secretariat, hence, increasing the institutional knowledge capacity of the mechanism and allowing members to focus on key substantive issues;

   c. Intensifying work on broadening the scope and applicability of methodologies, including the development of tools, which could be referred to in new methodologies

   d. Enhancing interaction, communication and knowledge sharing;

   e. Provision of logistical and substantive support to the DNA Forum including the cost of two meetings per year (voluntary support from Parties might be required to cover the cost of travel, logistics and possibly coordination of special analytical work);

   f. Provision of dedicated legal support, as needed.

III.1. Baseline and monitoring methodologies (METH)

15. This area will be enhanced through expanded analytical support from the secretariat. Human resources at the secretariat will be supplemented to enable the preparation of draft input and output documentation, e.g. indicating/resolving inconsistencies, presenting options, for panel, working group and Board meetings. The secretariat, by building and managing CDM's institutional memory, will be in a position to effectively assist the

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[3] Board members and alternates are (i) nominated and elected as stipulated in the Marrakesh Accords; (ii) function in a personal capacity; (iii) possess the required qualifications; (iv) perform their role on the Board in addition to their regular employment; (v) declare when a conflict of interest arises.
[4] It is unlikely, however, that the caseload will remain stable in 2008, as we are facing an evolving market situation. The Executive Board will need to monitor and review the situation accordingly.

process at meetings by explaining, revising and finalizing drafts. This should enable members to spend their time considering key and new methodological issues rather than writing and drafting text.

16. Identification of new panel members, new desk reviewers and new staff is a serious challenge in this growing field, where the secretariat must compete with private and public sector entities to recruit the best people, always bearing in mind the need for regional distribution.

Actor (METH)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Executive Board	o Approve new, consolidated, revised methodologies (Meth, AR & SSC) based on recommendations by panels & working groups o Approve guidance and procedures	o 120 re-commendations o No assumption	o 105 re-commendations o 17 issues of guidance and procedure	o 180 cases o 20 issues of guidance and procedure	o Same as 2006 + Short summary of cases provided to assist Board's decision making + Forms and editorial changes to documentation, published with the annotations, are considered adopted unless a member raises an issue prior to or at the meeting. + Content changes of documentation agreed at EB meetings are implemented by the secretariat without further Board input unless decided differently
Panel/WG members	o Prepare draft recommendations on proposed methodologies prior to meeting (note that a case may have more that one recommendation (B cases) o Make preliminary assessment of proposed methodologies o Consider and finalize recommendations at meetings o Check final draft of reformatted approved methodologies	o 120 recommendations o Meetings - 6 Meth Panel @ 4 d, 1 d informal - 4xA/R WG @ 2 d., 1 d. informal - 2 SSC WG 2 d, 1 d informal	o 105 recommendations. o Meetings - 6 Meth Panel - 4 A/R WG - 4 SSC WG	o 140 cases o Meetings - 6 Meth Panel - 5 A/R WG - 5 SSC WG (A/R & SSC one day longer)	o Same as 2006 – Drafting work prior to and at meetings because the secretariat is preparing/drafting all inputs/outputs – Draft options prepared by secretariat on request for expanding the applicability of methodologies and provide tools for project participants to choose among approved methodologies
	o Consider and prepare recommendations relating to requests for revisions, clarifications and deviations	o no assumption	o 40 revisions and clarifications	o 80 revisions and clarifications	

CDM – Executive Board   **CDM-MAP 2007**

Actor (METH)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
		o 5 working days per month per member o 1 day revisions and clarifications and guidance	o 6 working days per month per member o 3 days revisions and clarifications & guidance	o 4-5 working days per month per member in total	
Desk review/ Final formatting	o Desk reviews of proposed new methodologies o Input on reformatting	o 160 o no assumption	o 152 o 16	o 220 o 40	o Same as 2006 − Only occasional input to secretariat regarding reformatting
Secretariat	o Process support including the maintenance of a roster of experts, language/consistency of documents o Meeting support logistics. o Feed information in the CDM information system including the UNFCCC CDM website	o 8 P o 3 G	o 4 P o 2 P-GTA. o 3 G o 1 G-GTA	o 13 P o 6 G	o Same as in 2006 + Substantive support (draft recommendations, reformats, documentation for executive decision support, documented dialogue with project participants)

III.2. Registration and issuance (R&I)

17. The registration and issuance unit is expected to move to analytical support as shown in the table below. This area of work is characterized by an increasing caseload (expected to double), short process turnover times (requiring coordination of external expertise, e.g. registration and issuance team (RIT) and methodology experts) and continuous, uninterrupted workflow throughout the year. Hence, the increase in human resources in both the RIT and the secretariat to ensure a continuous, sustainable, impartial and professional service meeting private sector and Board expectations.

18. The table below shows that the unit servicing this area was under particular stress given the more than 30 per cent increase in caseload to the end of the September 2006, and also that the unit assumed additional functions not clearly foreseen in the previous MAP.

Actor (R&I)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Executive Board	o Request and conduct reviews of DOEs' requests for registration and issuance, as needed, assisted by an RIT input o Decide upon requests for deviations o Provide guidance and clarification with respect to registration and issuance o Report to the COP/CMP on the regional and subregional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution o Make publicly available relevant information, submitted to it on proposed CDM project activities in need of funding and on investors seeking opportunities, in order to assist in arranging funding of CDM project activities, as necessary o Implement COP/CMP guidance with respect to registration and issuance matters	400 cases of request for registration/issuance	397 cases (30% higher than assumption) o 314 registration o 83 issuance	800 cases o 500 registration o 300 issuance 65 request for review and review cases 30 Requests for deviations	o Same as 2006 + Agree on short explanation of decisions + Consider draft recommendations and decisions containing options prepared by secretariat except in the area of requests for registration and issuance where decisions remain based on RIT input and DOE work/documentation
RIT members	o Prepare appraisals of requests for registration and requests for issuance o Provide inputs on request for review and review cases o Provide ratings on the performance of DOEs	No assumption	o 248 registration cases o 77 issuance cases o 54 request for review and review cases o Total 379 cases	o 500 registration cases o 300 issuance cases o 65 request for review and review cases o Total 865 cases o	o Same as 2006 + Attendance at 2 meetings to coordinate and harmonise the consideration of key issues in the preparation of appraisals.

CDM – Executive Board   **CDM-MAP 2007**

Actor (R&I)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Methodology Experts	o Provide input to RIT member appraisals, when requested o	o No assumption	o 199 registration cases o 39 issuance cases	o 300 registration cases o 100 issuance cases	o Same as 2006
Secretariat	o Conduct completeness checks of new requests for registration and issuance + Prepare decision sheets on request for review cases o Prepare draft procedures and clarifications for consideration by the Board + Manage the operation of the RIT o Maintain a publicly available database of CDM project activities o Operate the CDM registry, to facilitate the opening of holding accounts and the forwarding of CERs to these accounts o Establish the CDM Bazaar o Collect the share of proceeds to cover administrative expenses o Collect the share or proceeds for the adaptation fund o Feed information in the CDM information system including the UNFCCC CDM website	o Support above o no assumption re CDM registry o 6 P o 4 G	o 5 o 4 o 1	o support above o 300 forwarding requests o 50 holding account applications o 50 transfers to national registries from temporary accounts o 9 P o 5 G	o Same as 2006 + Drafting of decision options for review cases both at registration and issuance + Organization of 2 meetings of the RIT + Initialize the CDM-R with the ITL, including functional and connectivity testing and participation in document reviews + Transfer CERs from temporary holding accounts to national registries + Operate the CDM Bazaar

III.3. Accreditation (ACCR)

19. Experience in 2006 showed that analytical support from the secretariat, in addition to process support, would provide added value in terms of consistency and homogeneity of outputs and could allow the Board and panels to refocus on key substantive issues. In the area of accreditation there is a need to establish an effective system to monitor quality of performance of DOEs and to develop and implement an effective feedback/learning system. The table shows both an increase in substantive support and an increase in caseload, in particular in the area of witnessing for phased accreditation.

20. Support to the DOE Forum needs to be enhanced to help ensure effective dialogue between the Board and DOEs, ultimately to ensure that the work done by all DOEs on validation and verification is consistent (i.e. to ensure that the CDM standard vis-à-vis baseline and monitoring methodologies is implemented).

Actor (ACCR)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Executive Board	o Decide on accreditation and recommendations of entities to the COP/CMP for designation as operational entities o Review accreditation procedure o Review the accreditation standards and make recommendations to the COP/CMP for consideration, as appropriate o Report to COP/CMP information on the regional and subregional distribution of designated operational entities o Determine whether DOEs are in compliance with accreditation standards o Decide on need for spot-checking .	o 20 cases for accreditation	o Considered 14 cases for phased accreditation o Accredited 6 entities for validation and 2 for verification o Raised one spot-check	o 275 decisions (phased accreditation, guidance, procedures, spot-checks)	o Same as 2006

CDM – Executive Board   **CDM-MAP 2007**

Actor (ACCR)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Panel members	o Recommend accreditation decisions to EB o Drafting prior to and at meetings o Participation in assessment teams o Participation in panel meetings and the Board's joint coordination workshop	o 5 meetings @2 d.	o 4 meetings @3 d. o 4 cases for indicative letters. o 20 cases for phased accreditation o 4 cases for extension of sectoral scopes o Conducted 1 spot-check	o 6 panel meeting@3d. o 275 recommendations relating to initial application screening, on-site assessments, witnessing activities (document, on-site), spot-check and follow up)	+ Same as 2006 − Decrease drafting workload − Participation in assessment teams + Increase number of recommendations + Preparation of draft recommendations based on input from secretariat + Training and further guidance for the assessment teams.

Expert/ATs	o Undertake assessment:
	  ➢ Desk reviews
	  ➢ Preparation of an assessment plan
	  ➢ On-site assessment and witnessing activities
	  ➢ Verification of implementation of corrective actions
	  ➢ Preparation of desk reviews and on-site assessments, witnessing reports
	  ➢ Preliminary and final reports as the recommendation to the panel
		o No assumption – cost borne by the applicant entities	o 4 desk reviews
			o 4 on-site assessments
			o 5 cases of extension of sectoral scopes
			o 20 witnessing cases
				o desk reviews 2007: 11 2008: 15
				o on-site assessments 2007: 11 2008: 15
				o witnessing 2007: 200 2008: 100
				o Verification of corrective action 2007: 100 2008: 50
				o 250 reports
					o same as 2006
					− Initial draft of reports and/or review of draft reports by secretariat to ensure consistency and homogeneity

Actor (ACCR)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Secretariat	o Procedural and process support to panel and EB o Undertake completeness check of the application documentation o Undertake administrative steps to establish CDM-ATs o Provide assistance to teams during on-site assessments o Provide assistance to teams in preparation of assessment reports o Provide support and facilitate other accreditation procedural steps o Support and facilitate the meetings and communications of DOE Forum o Feed information in the CDM information system, including the UNFCCC CDM website	o Support above o 3 P o 2 G	o 2 P o 2 G	o Support above o 6 P o 3 G	o Same as 2006 + Provide draft inputs/outputs, options, as required on procedural aspects + Provide a summary of assessment findings highlighting key technical areas to facilitate decision-making. + Provide draft recommendations on cases for phased accreditation to be considered by the panel and recommended to the Board. + Provide enhanced support to assessment teams, including by preparing a first draft on findings to ensure consistency and homogeneity of reports + Provide enhanced support to improve quality of feedback by Board to DOEs + Enhanced support to DOE Forum

III.4. UNFCCC CDM information system (incl. website) and registry

21. The UNFCCC CDM information system is a custom-made system based on open source (cost free) software which provides for sophisticated electronic workflows relating to the project cycle and procedures, integrating users with different access rights and roles within and outside the secretariat. The system stores all documentation relating to CDM and displays information to users, including the public, according to their role. The development, programming and maintenance of the system is undertaken by dedicated staff within the CDM subprogramme to ensure full control over priority-setting, workload and quality. Because the CDM's processes and procedures are evolving, frequent redesign and reprogramming are required. The system has to a large extent contributed to the cost-effective and timely implementation of the CDM process.

22. The area of work also covers work on the CDM Registry, into which all certified emission reductions (CERs) are issued and forwarded. The CDM Registry will be connected in 2006 for testing, as the first registry to the international transaction log. The secretariat, working with a contractor, maintains and programmes the CDM Registry as necessary.

23. The secretariat maintains and initiates purchase of equipment for the CDM information system and registry. The cost of equipment, previously covered to a large extent from the secretariat's core budget, is reflected in this CDM MAP. In 2008, other services provided by other parts of secretariat will also be reflected in the CDM MAP, in order to reveal the true cost of the mechanism.

Actor (Info system)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Executive Board	o Identify its process and information needs, as needed o Approve regulatory documents defining functionality of the CDM Registry	n/a	n/a	n/a	o Same as 2006
Secretariat	o Identify process and information needs, as needed o Design, develop, programme and maintain UNFCCC CDM information system o Initiate equipment purchase o Provide for electronic interaction between CDM information system and CDM registry, and the main UNFCCC website o Provide technical support to internal and external users o Maintain servers and some other specific hardware	o 5 P o 2 G.	o 3 P o 2 G o 2 P-GTA	o 4 P o 2 G o 4 P-GTA and consultancy	o Same as 2006 + Integration of catalogue of decision in UNFCCC CDM information system electronic workflows + CDM Bazaar + Risk analysis and business continuity planning + Strengthening of software development methods

III.5. Communication, Board, management and special activities

III.5.1. Communication

24. With the CDM public information officer joining in November 2006, most of the work foreseen for 2006 can only be initiated and/or put in place in 2007. This includes work on user targeted information, further website improvements, streamlining documentation, etc. This work will be carried out in cooperation with the UNFCCC Information Services Programme.

Actor (Communication)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Executive Board	○ Provide guidance regarding issues relating to public information	○ n/a	○ n/a	○ n/a	○ same as 2006
Secretariat	○ Review UNFCCC CDM website ○ Devise and implement a plan catering to the information needs of particular target groups ○ Respond to, or coordinate response to, public and media queries ○ Review and revise Board documentation to enhance readability ○ Design information and outreach material	○ 1 P ○ 1 G.	○ - P[*] ○ 1 - G	○ 2 P ○ 1 G	○ same as 2006

[*] *The P staff will start immediately after the Nairobi COP/MOP.*

III.5.2. Management, secretary to the board and special activities

25. In addition to leading the substantive focal areas referred to above, this focal area: prepares and organizes the EB meetings (Annex 1- calendar of meetings 2007); drafts and finalizes the EB report to COP/CMP and the CDM MAP; identifies and leads the increasing human resources; identifies and coordinates special activities such as legal support, record/knowledge management (about 10,000 documents a year), catalogue of decisions, CDM Bazaar, DNA forum, representation to and relations with other organisations.

26. Together with team leaders of focal areas, the section provides/coordinates the support to COP/CMP and the UNFCCC process on PBM/CDM and relevant carbon market related issues. It ensures cooperation with units working on financial mechanism, transfer of technology and capacity building. The Manager of the CDM sub-programme is the Secretary to the Board, the administrator of the CDM Registry and assists in the coordination and management of the PBM programme.

27. In the context of the CDM-MAP moving toward self-finance based on fees and shares of proceeds, as well as the substantially increased work-, and related travel-load of Board members and alternate members, the Board agreed to request the secretariat, that subject to the availability of resources, the travel of Board members and alternates henceforth, follow the same UN rules and regulations as those applied to UN staff. (EB 25 meeting report). The Secretariat has complied with this request, starting with the 26th meeting of the EB.

Actor (Management)	Activity in 2006	MAP 2006 Assumption	2006 Level (up to 30.09.06)	MAP 2007 Assumptions	Activity in 2007
Secretariat	o CDM section human resource management o Substantive management and coordination o EB meetings (see Annex one for 2007 schedule) o Organize annual EB Coordination workshops o Administrator functions for CDM registry o Support (analytical/process) to relevant COP/CMP and UNFCCC cross cutting issues	o 1 P o 3 G.	o 2 P[(*)] o 3 G. (*) One staff focusing mainly on support to the EB was moved from Meth unit	o 3 P o 4 G o Plus 85% of dedicated legal PBM advisor and of knowledge/record management resource	o same as 2006 + min 2 DNA forum substantive/logistics/travel coordination and support + Catalogue of decision, CDM Bazaar + Knowledge/record management

IV. Budget 2007-08

IV.1. Summary budget 2007-2008

28. Chapter III has defined the significant change in the nature of services to be provided by the secretariat and the increased caseload expected for the period end 2006 to 2007. The assumption that in 2008 the caseload remains identical needs to be reviewed at the end of the first half of 2007 in order to ensure adequacy of the assumption. At the same time lessons can be drawn from the experiences with the increased service functions of the secretariat. The summary table below indicates the budgetary needs by focal area by year and by funding source.

Summary of the budget 2006, 2007 and 2008 in support of CDM operations (as of 31 October 2006) (in USD)

Focal area	2006 Budget		2007 Budget		2008 Budget	
	Core	**Suppl.**	**Core**	**Suppl.**	**Core**	**SOP**
Methodology	886,200	2,154,800	886,200	2,959,200	668,100	2,938,000
Registration and Issuance	135,000	3,018,000	135,000	3,542,000	135,000	3,542,000
Accreditation	434,200	450,700	464,800	866,800	419,100	912,500
Information Systems and CDM Registry	40,000	823,000	40,000	1,186,000	0	1,026,000
Management, Communication, Board and special activities	506,429	1,565,680	506,429	3,830,700	518,700	3,963,200
Subtotal	2,001,829	8,012,180	2,032,429	12,384,700	1,740,900	12,381,700
13% overhead	260,238	1,041,583	264,216	1,610,011	226,317	1,609,621
Total by budget	2,262,067	9,053,763	2,296,645	13,994,711	1,967,217	13,991,321
Total of Core and Suppl. budget (*)		**11,315,830**		**16,291,356**		**15,958,538**
% of supplmentary in total		**80%**		**86%**		**88%**

Note: (1) The growth of the CDM has been higher than anticipated in the 2006-2007 UNFCCC programme budget. Consequently, provisions for the additional services (e.g., IT services and equipment, common services such as office space, as well as administrative and conference services) need to be covered from resources in the CDM-MAP. These figures can only be assessed early in 2007. Hence the CDM-MAP will need adjustment in the course of 2007 to reflect such costs additional in a transparent and secretariat wide consistent manner, in accordance with decision 15/CP.1. Some initial provisions for IT equipment have already been made in order to ensure that new staff will be equipped on arrival. However, those amounts will be adjusted in light of the secretariat wide approach.. (2) For 2008, the planning assumption is that, pending an agreed 2008-2009 UNFCCC programme budget, the same or a lower level of core budget funding as indicated in "IV.2. Detail of budget 2007-2008".

29. The change of nature of services required and caseload is reflected by an increase in both analytical and process management support staff and not occurring at senior lead and management level. The enhancement takes place in the medium level professional (P3/P2 level) and assistant/support (G4/G3 level) functions as can be seen by the following table. This increase is complemented by an increase in short term (GTA) and consultancies to deal with peak effects, special activities as well as specialized expertise.

Budgeted change of number of staff by level between 2006 and 2007 (absolute and per cent)

Level	2006	2007	Change	Change %
P5	1	1	0	0%
P4	5	5	0	0%
P3	13	16	+3	**23%**
P2	4	14	+10	**250%**
P1	1	1	0	0%
G6	1	1	0	0%
G5	6	6	0	0%
G4	8	12	+4	**50%**
G3		1	+1	**n/a**
G2	1	1	0	0%
Total	**40**	**58**	**+18**	45%
G staff	*16*	*21*	*5*	*31%*
P staff	*24*	*37*	*13*	*54%*

IV.2. Detail of budget 2007-2008

30. This chapter provides detail for the 2007-2008 CDM budget by focal area. In accordance with the UNFCCC programme budget 2006-2007, those expenditures covered by core budget have been identified (columns with grey shading). For 2008, the planning assumption is that, pending an agreed 2008-2009 UNFCCC programme budget, the same or a lower level of core budget funding as indicated below will be available.

IV.2.1. Methodology

	Unit cost*	expected meetings/ cases		Supplementary		Total	Core budget		Total
		2007	*2008*	*2007*	*2008*	*2007-08*	*2007*	*2008*	*2007-2008*
CDM-MP (6(3) in 2007; 6(1) in 2008) 21 participants	120,500	3	5	523,500	602,500	1,126,000	199,500	120,500	320,000
CDM-A&R WG (5(1) in 2007; 5(1) in 2008) 11 participants	56,700	4	4	305,100	226,800	531,900	30,600	56,700	87,300
CDM-SSC WG (4(1) in 2007, 4(1) in 2008) 7 participants	37,900	3	3	135,600	113,700	249,300	30,600	37,900	68,500
Staff				1,695,000	1,695,000	**3,390,000**	453,000	453,000	906,000
Experts / consultance	7500	40	40	300,000	300,000	600,000	172,500	-	172,500
			Total	*2,959,200*	*2,938,000*	*5,897,200*	*886,200*	*668,100*	*1,554,300*

Note: (1) Estimates for specialized expertise assume an average remuneration at USD 400-500 per day.

IV.2.2. Registration and issuance

	Unit cost*	expected meetings/ cases		Supplementary		Total	Core budget		Total
		2007	*2008*	*2007*	*2008*	*2007-08*	*2007*	*2008*	*2007-2008*
CDM-RIT meeting	91,000	1	1	91,000	91,000	182,000			
Staff				1,451,000	1,451,000	2,902,000	135,000	135,000	270,000
Experts/consultance	2,500	800	800	2,000,000	2,000,000	4,000,000	-	-	-
			Total	*3,542,000*	*3,542,000*	*7,084,000*	*135,000*	*135,000*	*270,000*

(*)Estimates for specialized expertise assume an average remuneration at USD 400-500 per day.

IV.2.3. Accreditation

	Unit cost*	expected meetings/ cases		Supplementary		Total	Core budget		Total
CR		2007	2008	2007	2008	2007-08	2007	2008	2007-2008
CDM-AP (6(3) in 2007; 6(1) in 2008) -9 participants	46,100	3	5	184,800	230,500	415,300	91,800	46,100	137,900
Staff				622,000	622,000	1,244,000	373,000	373,000	746,000
Experts/consultance	6,000	10	10	60,000	60,000	120,000	-	-	-
			Total	866,800	912,500	1,779,300	464,800	419,100	883,900

(*)Estimates for specialized expertise assume an average remuneration at USD 400-500 per day.

IV.2.4. UNFCCC CDM information system (incl. website) and registry

	Unit cost*	expected meetings/ cases		Supplementary		Total	Core budget		Total
		2007	2008	2007	2008	2007-08	2007	2008	2007-2008
Staff				671,000	671,000	1,342,000	0	0	-
Experts/consultance		-	-	325,000	150,000	475,000	40,000	-	40,000
Hardware		-	-	30,000	45,000	75,000	-	-	-
			Total	1,026,000	866,000	1,892,000	40,000	0	40,000

(*)Estimates for specialized expertise assume an average remuneration at USD 400-500 per day.

IV.2.5. Communication, Board, management and special activities

	Unit cost*	expected meetings/ cases		Supplementary		Total	Core budget		Total
		2007	*2008*	*2007*	*2008*	*2007-08*	*2007*	*2008*	*2007-2008*
EB meetings (8 (3) in 2007; 8 (3) in 2008)** 20 participants	62,500	5	5	312,500	312,500	625,000	180,000	187,500	367,500
- Add. travel cost for EB members	21,000	8	8	168,000	168,000	336,000	-	-	-
- Add. costs for addit. travel and remuneration	42,500	8	8	340,000	340,000	680,000	-	-	-
Staff				728,000	728,000	1,456,000	259,000	259,000	518,000
Staff related				381,760	381760	763520	67,429	72,200	139,629
Legal matters staff	-	-	-	132,720	132,720	265,440	-	-	-
Legal matters specialized expertise	-	-	-	150,000	150,000	300,000	-	-	-
- knowledge management	-	-	-	132,720	132,720	265,440	-	-	-
Special activities									
- DNA Forum	500,000	2	2	1,000,000	1,000,000	2,000,000	-	-	-
- Coordination Workshops for Board, Panels, Working Groups and Expert Teams	465,000	1	1	465,000	465,000	930,000	-	-	-
- Miscellaneous - information material (DVD, handouts etc)	-	-	-	20,000	20,000	40,000	-	-	-
- Preparation/convening of workshops (70 participants/35 funded)	132,500	-	1	-	132,500	132,500	-	-	-
UNFCCC shared cost and services									
- IT equipment for non-core PBM/CDM staff (tbc in 2007)	5,000	32	32	160,000	160,000	320,000	-	-	-
- Office space for non-core PBM-CDM staff	TBD in 2007	-	-	-	-	-	-	-	-
- Services provided by other UNFCCC units (IS, ICA)	TBD in 2007	-	-	-	-	-	-	-	-
			Total	*3,990,700*	*4,123,200*	*8,113,900*	*506,429*	*518,700*	*1,025,129*

(*) (1) In accordance with decision 7/CMP.1, the costs include for all members and alternate members of the Board, attending meetings, the payment of travel, daily subsistence allowance (DSA) and a remuneration through an increased DSA rate (40%) which is limited to a maximum of USD5,000 per annum. This remuneration is not so much an adequate compensation for services but an acknowledgement of a substantial sacrifice of time and financial interest on the part of Executive Board members and alternates. (2) In the context of the CDM-MAP moving toward self-finance based on fees and shares of proceeds, as well as the substantially increased work-, and related travel-load of Board members and alternate members, the Board agreed to request the secretariat, that subject to the availability of resources, the travel of Board members and alternates henceforth, follow the same UN rules and regulations as those applied to UN staff. (EB 25 meeting report). The Secretariat has complied with this request, starting with the 26th meeting of the EB. (3)Estimates for specialized expertise assume an average remuneration at USD 400-500 per day.

V.   Resources in support of the CDM Executive Board in 2007–2008

V.1.   Sources of funding

31.   The source in support of the CDM Executive Board in 2007–2008 are:

a.   The UNFCCC programme budget (core): assessed contributions by Parties (20 per cent);

b.   Supplementary resources (80 per cent), to be generated by:

Source for supplementary funding	2006/2007	As of beginning of 2008
Party contributions	X	none
Accreditation fees	X	X
Share of proceeds (methodology fee and registration fee are down payments of the share of proceeds)	Collected, but only for use as of 1 January 2008	X

V.2.   Status of resources and operating reserve availability

32.   The table below gives a status of the various sources of funding and of the accumulation of an operating reserve as of 31 October 2006. It shows that the shortfall at this stage is USD 9.72 million. It also indicates that the accumulation of the operating reserve has reached 71 per cent of the budgeted expenditure of 2008 and 47 per cent of a 1 and a half year budget presently amounting to USD 20.99 million[5].

In million USD	2006-2007	Accumulation of operating reserve
Carry over	5.6	n/a
+ Party contributions (incl. expected till end 2006)	4.9	n/a
+ Accreditation fees	0.1	n/a
+ Methodology fees	n/a	0.07
+ Registration fees	n/a	7.33
+ SOP Admin	n/a	2.59
+ Interest on operating reserve and unspent balances	tbd	tbd
TOTAL	10.5	9.99
- Total expenditure till end 2006	6.0	n/a
Available resources for expenditure till end of 2007	4.4	n/a
- Total budget need till end of 2007	-13.9	n/a
Shortfall for resources till end of 2007	-9.5	n/a
Expected 2008 budget to be funded by SOP		13.99
Accumulated operating reserve as % of 2008 budget		71%
Accumulated operating reserve as % of 1.5 year budget		47%

Note: The column "2006-2007" explains the status of the shortfall in terms of available resources versus budgeted expenditures till the end of 2007. The grey shaded column shows the composition, the absolute and proportional level of the operating reserve.

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[5] Parties in decision 7/CMP.1 had agreed to accumulate the revenues from the share of proceeds over the period 2006 and 2007 to establish implicitly an operating reserve of 1 and a half years (see also the annual report of the Board to CMP)

V.3. Forecast of the level of resources: existing pledges by Parties; expected levels of the share of proceed

33. The income received so far in 2006 has come to a total of USD 9.3 million. Based on expenditures to date (USD 4.4 million), and further committed and planned expenditures to the end of the year, the secretariat expects that there will be a carryover of USD 4.4 million for use in 2007.

34. The secretariat has continued to receive, and put aside for future use, income from fees and shares of proceeds, totaling USD 9.9 as at 31 October 2006. Based on a realistic, but conservative analysis of expected issuances, the secretariat expects that the 18 month operating margin (based on the USD13.9 million annual budget of MAP-2007) will be reached by some time toward the end of the 2nd quarter of 2007. Consequently, the expectation is that the CDM-MAP could start to be fully financed from the accumulated fees and shares of proceeds as of the end of the 2nd quarter of 2007.

35. The expected carryover of USD 4.4 million will allow the secretariat to operate the activities of the CDM-MAP-2007 until approximately the beginning of the 2nd quarter of 2007. An additional USD 2.5 million would be still needed for the remainder of the 2nd quarter, before financing of CDM-MAP activities from fees and shares of proceeds can start. If the outstanding pledges (USD 3.2 million as at 31 October 2006) made by Parties at CMP1 in Montreal in 2005 are paid in full, the gap in the 2nd quarter will be covered, and no additional pledges and payments will be sought from Parties.

36. Consequently, the Board has thanked Parties that have paid their pledges made in Montreal, and has invited those Parties that still have outstanding pledges to pay those pledges as soon as possible, to cover the expected financing gap for the 2nd quarter of 2007.

VI. Performance indicators

37. This section will identifies indicators regarding the overall evolution of the CDM as well as some indicators monitoring the caseload assumptions. The UNFCCC CDM website section on statistics will be revised to provide to Board members and the public on-line information on the status of such indicators. This service will have to be developed till the end of 2006 and enhanced in the course of 2007.

VI.1. Overall evolution of the CDM

38. Such indicators include:

    a. With regard to number project activities in the CDM system

        i. Number of CDM project activities

        ii. Number of project activities requesting registration

        iii. Number of project activities at the validation stage

        iv. items i - iii by region and country

     v. items i - iii by scope and methodology

     vi. item iv further refined by methodology and scope

   b. With regard to CERs issued

     i. Number of CDM project activities

     ii. Number of project activities requesting registration

     iii. items i - ii by region and country

     iv. items i - ii by scope and methodology

     v. item iv further refined by methodology and scope

VI.2. Project cycle and process

39. Such indicators include:

   a. With regard to project cycle (numbers):

     i. Number of project activities in at the validation stage (overall / evolution over time)

     ii. Number of project activities rejected by DOEs at validation in comparison to number for which registration was requested (overall / evolution over time)

     iii. Number of project activities requesting registration (overall / evolution over time)

     iv. Number of project activities registered without review (overall / by DOE)

     v. Number of project activities for which review was requested (overall / by DOE)

        1. Registered based on initial clarifications provided by PP and DOE

        2. Registered with changes based on initial clarifications provided by PP and DOE

     vi. Number of project activities for which review was conducted (overall / by DOE)

        1. Registered with no changes based on information gathered in review

2. Registered with changes

3. Rejected

b. With regard to project cycle (time of steps / decisions). Various steps in the project cycle have procedurally minimum and maximum time requirements to provide for interactions or to ensure that steps are taken without a delay beyond the given timeline. A set of indicators will be developed that allow to determine under and over performance with regard to such time requirements.

Annex 1

Work plan/schedule for 2007
Tentative Schedule of Executive Board meetings – 2007

Meeting	Date	Venue (subject to change)
EB 29	14 – 16 February	Bonn
EB 30	21 – 23 March	Bonn
EB 31	2 – 4 May	Bonn (in conjunction with SB24, allowing for interactions with Parties)
EB 32	20 – 22 June	Bonn
EB 33	25 – 27 July	Bonn
EB 34	12 – 14 September	Bonn
EB 35	17 - 19 October	Bonn
EB 36	28 - 30 November	tbd (in conjunction with the COP/MOP, allowing for interactions with Parties)

Tentative Schedule of Meth Panel and submission of methodologies in 2007

Meeting	Tentative dates	Venue	Dates for submission rounds*
Meth 25	16 - 19 January 2007	Bonn	5 July 2006 (Round 16)
Meth 26	27-30 March 2007	Bonn	5 October 2006 (Round 17)
Meth 27	29 May - 1 June 2007	Bonn	5 February 2007 (Round 18)
Meth 28	10 - 13 July 2007	Bonn	1 June 2007 (Round 19)
Meth 29	25 - 28 September 2007	Bonn	3 September 2007 (Round 20)
Meth 30	13 - 16 November 2007	Bonn	3 December 2007 (Round 21)

Tentative Schedule of AR WG and submission of methodologies in 2007

Meeting	Tentative dates	Venue	Dates for submission rounds*
AR WG 13	23 - 24 March 2007	Bonn	5 July 2005 (Round 12)
AR WG 14	7-8 June 2007	Bonn	5 March 2007 (Round 13)
AR WG 15	5 - 6 July 2007	Bonn	29 June 2007 (Round 14)
AR WG 16	10 - 13 July 2007	Bonn	1 October 2007 (Round 15)
AR WG 17	20 - 21 September 2007	Bonn	3 September 2006 (Round 16)

Tentative Schedule of SSC WG in 2007

Meeting	Tentative dates	Venue
SSC WG 09	1 – 2 February	Bonn
SSC WG 10	22 – 23 March	Bonn
SSC WG 11	7 – 8 June	Bonn
SSC WG 12	5 – 6 July	Bonn
SSC WG 13	20 – 21 September	Bonn

Tentative Schedule of AP in 2007

Meeting	Tentative dates	Venue
AP 25	22 – 24 January	Bonn
AP 26	27 February – 1 March	Bonn
AP 27	10 – 12 April	Bonn
AP 28	27 – 29 June	Bonn
AP 29	20 – 22 August	Bonn
AP 30	26 – 28 September	Bonn

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