Terms of Reference (TOR) for Project Manager

UNDP-DCCE Project 'Promoting Low Carbon Development in Dubai'

Title:	Project Manager
Duration:	Initial assignment up to December 31st 2012, extendable based on performance and project status
Start date:	Immediate or near-immediate
Type of contract:	Individual Consultancy (IC) contract
Location:	Dubai, United Arab Emirates

1. Background

The Supreme Council of Energy (SCoE) of Dubai was established in 2009 to coordinate Dubai's energy needs. Amongst other duties, the SCoE is responsible for ensuring Dubai's supply of energy, strategic planning of the energy sector, and ensuring the environmental sustainability of energy generation and consumption. The United Nations Development Programme (UNDP), in partnership with the SCoE, is providing technical assistance to Dubai, to assist the Emirate in decoupling economic development from greenhouse gas emissions and to access innovative sources of climate finance, including carbon credits.

Acting on a decision of the Supreme Council of Energy (SCoE) of Dubai on 26 October 2009, three mainly Dubai Government-owned / majority-owned entities – the Dubai Electricity & Water Authority (DEWA), Dubai Aluminium Company (DUBAL) and the Emirates National Oil Company (ENOC), as well as a private environmental consultancy company, ISTIDAMA, jointly founded the Dubai Carbon Centre of Excellence (DCCE) in April 2011.

The role of DCCE is to facilitate Dubai's transition to a low-carbon economy and operationalise DEWA's Strategic Plan 2010-2014. It also symbolises Dubai's capacity to contribute to the global response to the climate change challenge. For the first 2 years of DCCE's operations, its principal focus will be on projects, programmes and institutions based in Dubai. Thereafter, DCCE's objective is to establish itself as a regional centre of excellence. DCCE is not a political body: its function is, rather, to operationalise according to commercial modalities Dubai Government carbon policies – and, by extension, UAE Government policies – as laid out by the SCoE, DEWA and other Dubai Government entities.

DCCE's principal business activities are structured around four revenue-generating pillars:

- *Advisory services:* assisting investors to understand the financial implications of climate change through the provision of training, carbon auditing, emissions management, project investment appraisal and policy development.
- *Carbon asset development:* assisting clients to implement carbon strategies through offsetting, carbon audits, and CDM and voluntary market project development.
- *Asset management:* establishing two funds: (i) a Clean Technology Fund to promote the migration of Dubai towards a lower-carbon economy through support to renewable energy, energy efficiency, sustainable transport, waste management, water treatment and ODS management; and (ii) a Project Finance Fund to make direct equity investments in technology companies or to provide finance through commercial partners.
- *Trading and sourcing carbon credits:* acting as a broker for DCCE's own credits, and establishing and trading a portfolio of credits (proprietary trading).

UNDP's climate change strategy aims to assist countries to scale up mitigation and adaptation action to successfully meet the climate change challenge and to achieve the Millennium Development Goals (MDGs) in the context of a changing climate. Through the development of new partnerships, planning

Kh

tools, public policies and financial instruments, markets will be transformed and investment catalysed in lower-carbon and climate-resilient initiatives. UNDP's strategy consists of 6 components:

- Build country-level capacity to address climate change by providing a set of integrated support services to assess climate change impacts and realistic response strategies; develop and implement policies, regulatory/market-based instruments and institutional change; and access additional resources to finance solutions and make sound investment decisions.
- Complement policy change and capacity development efforts at the national level by facilitating action at the provincial, municipal, and community levels.
- Address both mitigation and adaption, recognising that the window of opportunity to help countries to adapt to climate change is as narrow as that for mitigation if we are to reach the MDGs.
- Diversify the funding sources that countries can access and enable them to effectively combine and sequence these different financing sources.
- Promote public-private partnerships at all administrative levels.
- Mainstream climate change into all core development areas, including energy, agriculture, health, water resources, and infrastructure, emphasising that climate change is not only an environmental issue, but a core developmental concern.

Through the 'Promoting Low-Carbon Development in Dubai' project, UNDP is committed to working with the Supreme Council of Energy in building DCCE's strength and capacity, to assist it in fulfilling its role in catalysing carbon finance (initially, in the form of the Clean Development Mechanism, CDM) in Dubai, and to improve sustainable development in Dubai through integrating climate change considerations into development planning and implementation processes.

The project is structured according to three outputs:

- Output 1: Enhanced ability of DCCE and DCCE stakeholders to access global carbon markets – capacity development
- Output 2: Development of a CDM project pipeline – Project Design Document (PDD) development, ERPA assistance, carbon buyer identification and other project development services for a set of CDM projects originated through DCCE. A new CDM methodology will also be produced so as to open up the carbon market to additional mitigation opportunities.
- Output 3: Development of an Integrated Territorial Climate Plan (ITCP) for Dubai

Output 1 will be delivered through a structured programme of capacity development support provided by UNDP's global team of sectoral and thematic climate change specialists, assisted by a dedicated Project Manager who will manage the project's day-to-day operations and who will coordinate with relevant stakeholders.

Output 2 will be coordinated by UNDP's carbon finance unit, MDG Carbon, assisted by the Project Manager and the UNDP UAE Country Office. A set of 8 CDM projects is currently at the PDD stage of development. These projects must be registered prior to the end of 2012.

Outputs 1 and 2 are the immediate project priorities. Output 3 is a dormant project component, which will be activated at such time as mutually agreed by DCCE and UNDP. The Project Manager will assume management responsibility for Output 3 if and when this Output moves forward.

UNDP is seeking to recruit the Project Manager for this project, under an Individual Contract (IC) modality, with an immediate (or near-immediate) commencement date. The assignment will offer the incumbent considerable exposure to climate change mitigation approaches, to carbon finance and CDM project development, to the commercial and public-sector environment of Dubai, and to the work of the United Nations Development Programme.

2. Duties and Responsibilities

Under the direct supervision of DCCE Chairperson and the UNDP Resident Representative and/or the Deputy Resident Representative, Under the direct supervision of the UNDP Country Office in Abu Dhabi, the Project Manager's main responsibility will be to ensure the smooth day-to-day running of the UNDP-DCCE 'Promoting Low-Carbon Development in Dubai' project. In particular, the Project Manager will:

- Design a work programme, in conjunction with UNDP and DCCE, to cover the period August 2011-December 2012 so as to ensure timely and coordinated delivery of project activities (including a structured programme of capacity development, CDM project development and CDM methodology development). Output 3, the Integrated Territorial Climate Plan, may be added to the work programme at a later date.
- Manage the work programme to ensure the agreed milestones and timelines are adhered to. This is of particular importance in the context of the CDM project development, where the timeframes associated with CDM project registration are inflexible and extremely tight.
- Manage the project budget
- Coordinate project stakeholders to ensure timely delivery of the work programme – this will involve (for example) liaising with UNDP staff in New York and Bratislava to arrange missions and technical support; liaising with the UNDP Country Office in Abu Dhabi on budgetary matters; interacting with CDM project developers to collect data and clarify technical issues; liaising with the CDM Designated National Authority (DNA) – the Abu Dhabi Environment Agency – and Designated Operational Entities (DOEs) during the CDM project development process; and working with DCCE staff to ensure deliverables are of high quality and tailored to DCCE's needs.
- Assist, where relevant to the Project Manager's background, with provision of training and capacity development services
- Manage project outreach activities, such as representation at relevant conferences and meetings and the production of relevant publications and reports
- Report on project progress and activities to UNDP, the Supreme Council of Energy and DCCE

3. Competencies

- Ability to plan and implement project work programmes
- Capacity to build strong relationships with partners and clients, using interpersonal skills to network effectively
- Skills in managing stakeholders in a demanding and time-constrained environment
- Ability to react to problems and delays with practical recommendations and creative solutions
- Ability to produce high-quality outputs in a timely manner while understanding and anticipating evolving needs
- Ability to lead, manage complexity and contribute effectively to team-based activities and manage conflict and stress productively
- Ability to speak and make presentations in a public setting.
- Display cultural, gender, religion, race, nationality and age sensitivity and adaptability

4. Qualifications

The key attribute sought from the Project Manager is the ability to design and execute a project in the context of a tight and inflexible timescale. Thematic experience (e.g. engineering, finance, carbon finance, economics) and sectoral experience (e.g. energy, energy efficiency, heavy industry) are highly valued, but are secondary to a proven ability to manage projects involving a number of stakeholders effectively and on schedule.

- Education: At least a Bachelor's degree, and ideally a Master's degree, in Engineering, Energy, Environmental Science, Finance, Economics or a related field.

- Languages: Fluency in English (written and spoken) and in Arabic (written and spoken) is required.

- Information technology: Ability to use MS Office applications (Word, Excel, PowerPoint, Outlook).

- Experience: At least 7 years of work experience, including a substantial element of project management. Relevant professional experience in the energy or industrial sectors, and prior experience of the Clean Development Mechanism or other carbon finance instruments, are highly valued. Prior experience with the UN or other international organisations is valued but not essential.

5. Remuneration
Up to US$10,000 per month, depending on experience and qualifications.

United Nations Development Programme
Country: United Arab Emirates

Memorandum of Amendment to Project Document

Since the Project Document to the project 'Promoting Low-Carbon Development in Dubai' was signed on January 17th 2011, a number of important contextual changes have taken place, necessitating amendments to the Project Document. This Memorandum of Amendment outlines these changes and serves as official acknowledgement of the changes by the Supreme Energy Council of Dubai, the Dubai Carbon Centre of Excellence and UNDP UAE.

Project Title:	**Promoting Low-Carbon Development in Dubai**
UNDP Strategic Plan (SP) Outcomes:	**SP Outcome 61:** National and sub-national capacities are strengthened to assess, access, combine, and sequence financial instruments and/or market mechanisms with policy instruments to support environmental management. **SP Outcome 62:** National and sub-national capacities are strengthened to mainstream climate change policies into national development plans.
Expected CP outcome:	**CP Outcome 7:** Enhanced capacity of federal and sub-national governments in implementing the National Environmental Action Plan and enforcement of environmental regulations (related to Goal 3 of the Country Programme Document: environment for sustainable development).
Expected Project Outputs:	The project objective is to strengthen the capacity of the Dubai Carbon Centre of Excellence (DCCE) to fulfil its potential in the area of carbon finance, and to ensure sustainable development in Dubai is improved through integrating climate change into development planning and implementation processes, assisting Dubai to become the lowest-carbon economy in the region. Output 1: Enhanced ability of DCCE and DCCE stakeholders to access global carbon markets. Output 2: Development of CDM project pipeline. Output 3: Development of Integrated Territorial Climate Plan for Dubai supported by the Territorial Approach to Climate Change Facility.
Executing Entity:	UNDP Country Office United Arab Emirates
Implementing Agencies:	Dubai Supreme Council of Energy / Dubai Carbon Centre of Excellence (DCCE)

Introduction

1. Acting on a decision of the Supreme Council of Energy (SCoE) of Dubai on 26 October 2009, three mainly Dubai Government-owned / majority-owned entities – the Dubai Electricity & Water Authority (DEWA), Dubai Aluminium Company (DUBAL) and the Emirates National Oil Company (ENOC), as well as a private environmental consultancy company, ISTIDAMA, jointly founded the Dubai Carbon Centre of Excellence (DCCE) in April 2011. DCCE is a Private Joint Stock Company (PJSC), with an issued capital of approximately US$2.2 million and with each of the Founding Shareholders holding an equal share of the Company.

2. The role of DCCE is to facilitate Dubai's transition to a low-carbon economy and operationalise DEWA's Strategic Plan 2010-2014. It also symbolises Dubai's capacity to contribute to the global response to the climate change challenge. For the first 2 years of DCCE's operations, its principal focus will be on projects, programmes and institutions based in Dubai. Thereafter, DCCE's objective is to establish itself as a regional centre of excellence. DCCE will not be a political body: its function will, rather, be to operationalise according to commercial modalities Dubai Government carbon policies – and, by extension, UAE Government policies – as laid out by the SCoE, DEWA and other Dubai Government entities.

3. DCCE's principal business activities are structured around four revenue-generating pillars:
   - *Advisory services:* assisting investors to understand the financial implications of climate change through the provision of training, carbon auditing, emissions management, project investment appraisal and policy development.
   - *Carbon asset development:* assisting clients to implement carbon strategies through offsetting, carbon audits, and CDM and voluntary market project development.
   - *Asset management:* establishing two funds: (i) a Clean Technology Fund to promote the migration of Dubai towards a lower-carbon economy through support to renewable energy, energy efficiency, sustainable transport, waste management, water treatment and ODS management; and (ii) a Project Finance Fund to make direct equity investments in technology companies or to provide finance through commercial partners.
   - *Trading and sourcing carbon credits:* acting as a broker for DCCE's own credits, and establishing and trading a portfolio of credits (proprietary trading).

4. UNDP's climate change strategy aims to assist countries to scale up mitigation and adaptation action to successfully meet the climate change challenge and to achieve the MDGs in the context of a changing climate. Through the development of new partnerships, planning tools, public policies and financial instruments, markets will be transformed and investment catalysed in lower-carbon and climate-resilient initiatives. UNDP's strategy consists of 6 components:
   - Build country-level capacity to address climate change by providing a set of integrated support services to assess climate change impacts and realistic response strategies; develop and implement policies, regulatory/market-based instruments and institutional change; and access additional resources to finance solutions and make sound investment decisions.
   - Complement policy change and capacity development efforts at the national level by facilitating action at the provincial, municipal, and community levels.
   - Address both mitigation and adaption, recognising that the window of opportunity to help countries to adapt to climate change is as narrow as that for mitigation if we are to reach the MDGs.
   - Diversify the funding sources that countries can access and enable them to effectively combine and sequence these different financing sources.
   - Promote public-private partnerships at all administrative levels.
   - Mainstream climate change into all core development areas, including energy, agriculture, health, water resources, and infrastructure, emphasising that climate change is not only an environmental issue, but a core developmental concern.

5. Through the 'Promoting Low-Carbon Development in Dubai' project, UNDP is committed to working with DCCE to strengthen its capacity, to assist it in fulfilling its role in catalysing carbon finance in Dubai, and to improve sustainable development in Dubai through integrating climate change

considerations into development planning and implementation processes, contributing to Dubai's goal of becoming the lowest-carbon economy in the region.

6. The Project Document outlines the structure of the project according to three outputs:
   - Output 1: Enhanced ability of DCCE and DCCE stakeholders to access global carbon markets
   - Output 2: Development of a CDM project pipeline
   - Output 3: Development of an Integrated Territorial Climate Plan (ITCP) for Dubai

   Outputs 1 and 2 are conceptually and operationally closely linked, and rely heavily upon the services provided by UNDP's MDG Carbon. Output 3, while explicitly supportive of Outputs 1 and 2 and sharing some overlaps, is broader in scope, embraces a wider range of stakeholders in a more participatory approach, and is supported by UNDP's global TACC Facility. The Project Document signed in January 2011 serves as an umbrella document for all three Outputs and for UNDP's overall package of support to DCCE. However, because of the more complex arrangements that will need to be put in place for Output 3, a separate tributary Project Document will be developed for the ITCP component specifically, if and when required. This will also permit rapid implementation of Outputs 1 and 2 while Output 3 is still under consideration.

7. The project will be implemented according to UNDP's National Implementation Modality (NIM). Funding for UNDP's assistance to the project will derive from two sources: from a payment of US$1,085,392 to cover Output 1 (staffing, missions, capacity development), Output 2 (PDD development, CDM methodology development and limited capacity development/incidentals) and UNDP's management support and Monitoring & Evaluation costs; and from a variable cost-recovery fee payment model up to a maximum US$770,000 (excluding DOE validation and verification costs) relating to the development of individual CDM projects through UNDP MDG Carbon. Implementation of Output 3 will be subject to a DCCE Board decision in 2012 on how to proceed with this Output. The budget of Output 3, US$780,000, will be transferred to UNDP at such date before December 2012 that the DCCE Board formally decides to activate the Output.

Evolving Context

8. Since the Project Document was signed in January 2011, three major changes to the project context have become apparent:

9. *(i) European Union policy towards post-2012 carbon finance.* The European Commission has made it clear that, in the absence of a satisfactory multilateral climate change agreement, only three classes of CDM projects will have access to the EU Emissions Trading Scheme (EU-ETS) after 2013:
   - CDM projects registered in any Non-Annex 1 country prior to December 2012 (subject to certain sectoral restrictions, for instance on industrial gas projects);
   - CDM projects registered after 2012 that are located in Least Developed Countries (LDCs);
   - CDM projects located in Non-Annex 1 countries which negotiate bilateral agreements with the European Union, obligating the relevant Non-Annex 1 countries to assume significant greenhouse gas emission reduction efforts. The likelihood of such bilateral agreements being signed within the next 2-3 years (and possibly thereafter) is considered small.

   After 2012, the European Commission will seek to encourage middle- and high-income Non-Annex 1 countries to migrate their mitigation efforts to scaled-up instruments, such as sectoral crediting and trading schemes, national/regional cap-and-trade systems and Nationally Appropriate Mitigation Actions (NAMAs). Since the EU-ETS accounts for 80% of the global demand for Certified Emission Reductions (CERs), the partial exclusion of Dubai from this market after 2012 presents significant implications for DCCE.

   With regard to the 'Promoting Low-Carbon Development in Dubai' project, the implications of EU policy are to: (a) prioritise the registration of CDM projects prior to December 2012, so as to ensure the EU-ETS eligibility of their CERs after 2012; (b) de-emphasise the need for CDM capacity development services, as the CDM will be of reduced strategic interest to Dubai stakeholders after

2012; and (c) start building the capacity and readiness of Dubai stakeholders for next-generation climate finance instruments, such as sectoral crediting and NAMAs.

10. *(ii) DCCE CDM project pipeline.* It now seems likely that DCCE will be in a position to develop 8 CDM projects in the near-term, ideally before the December 2012 EU-ETS deadline. The projects are listed below, with approximate CER generation potential. It must be emphasized that, while these projects appear initially to be eligible and viable for the CDM, this needs to be confirmed:
    - DCCE compact fluorescent lightbulbs (40,000 CERs – small scale)
    - DEWA photovoltaic (11,000 CERs – small scale)
    - DEWA chillers (PIN 4) (30,000 CERs – small scale)
    - Dubal potline (350,000 CERs – large scale)
    - Dubal absorption chillers (35,000 CERs – small scale)
    - Dubal desalination pump efficiency (12,000 CERs – small scale)
    - Dubal regenerative burners (14,000 CERs – small scale)
    - UCC cement waste heat recovery (70,000 CERs – large scale)

    An additional project, the Dubal GTX burner energy efficiency project, is not covered by an existing CDM methodology. Such a methodology can be developed with the facilitation of UNDP, since the Project Document currently provides for the development of one new CDM methodology. This methodology could then be deployed in the CDM (but post-2012, without assured EU-ETS eligibility), in the voluntary carbon market, in a non-EU compliance market or as a demonstration-scale sectoral crediting initiative with 'learning-by-doing', demonstration and EU positioning benefits for DCCE. A question remains about the source of funding for the associated PDD that will need to be developed in conjunction with the new methodology.

11. *(iii) Role of the Senior Technical Advisor (STA).* It was originally envisaged that MDG Carbon would post a staff member to DCCE for the 2-year duration of the project, to be responsible for coordinating project activities, as well as directly undertaking CDM capacity development, project development and methodology development activities. It was originally anticipated that this individual would be an existing member of the MDG Carbon team, though the Project Document does allow for recruitment of a new staff member if necessary. The presence of an MDG Carbon STA in DCCE and his/her assistance on CDM project development justified the reduction of MDG Carbon's Cost Recovery Fee for CDM project development services from the standard US$170,000/project to US$100,000/project.

    The individual originally envisaged to become the Senior Technical Advisor has since left UNDP. Given the short timescale in which DCCE's CDM projects must be registered to assure EU-ETS eligibility, recruitment of a Senior Technical Advisor is no longer considered to be an option that is in the best interests of DCCE.

Proposed Amendments to Project Design

12. In light of these developments since signing of the Project Document, an alternative project structure is proposed:

13. *(i) PDD development.* It is proposed that a specialist carbon consultancy company, Energy Changes, be hired to develop the Project Design Documents (PDDs) for the 8 CDM projects. The fee for the 8 projects will total US$520,000 (including mission costs and incidentals, and assuming that all 8 projects advance to registration) – i.e. an average PDD cost of $65,000/project (but with some variation in project-by-project fees, as outlined in the revised and updated Terms of Reference for Energy Changes). This fee will be drawn from the fixed overall project budget of $1.09 million.

14. *(ii) CDM project development coordination and non-PDD services.* It is proposed that MDG Carbon be utilized to coordinate development of the 8 CDM projects, including oversight of the PDD development process and provision of a suite of non-PDD CDM project development services. Subject to final Service Agreement(s) entered into between the parties, these services will include:

- Coordination – assistance with interactions, submissions and monitoring of the PDD consultant, the UNFCCC and CDM authorities (prior consideration, letters of approval, clarifications, EB meeting).
- Due diligence (technical, legal, financial) – to minimize project registration risks and identify issues requiring early attention.
- Buyer identification assistance – to advise on considerations and structuring regarding a CER sale and to obtain attractive CER commercial terms for DEWA, DUBAL, UCC and DCCE.
- Legal - general assistance in addressing legal considerations, including project structuring and legal issues regarding sale of credits/ERPA and other project-related contracts.
- DOE validation - arranging and securing DOEs for validation; overseeing DOE validation, including: coordination; data collection, requests and clarifications; ensuring process timelines; and quality control.
- Project monitoring set-up – ensuring monitoring systems and data collection are established and running correctly, according to methodological and logistical requirements.
- Monitoring report – assistance with drafting the monitoring report for submission to the DOEs for first verification.
- DOE verification – arranging and securing DOEs for first verification; overseeing verification, including: coordination; data collection, requests and clarifications; ensuring process timelines; and quality control.

MDG Carbon will charge a Cost Recovery Fee of US$100,000/project for the 5 largest projects (DCCE compact fluorescent lightbulbs, DEWA chillers, Dubal potline, Dubal absorption chillers, UCC cement waste heat recovery) and US$90,000/project for the 3 smallest projects (DEWA photovoltaic, Dubal desalination pump efficiency, Dubal regenerative burners) for this suite of services, reduced from the standard fee of US$170,000/project in recognition that PDD development costs will be paid for separately. DOE validation and verification fees are not included in the Cost Recovery Fee and will be passed onto the project proponents. Leveraging UNDP's long-term contracts with DOEs, the validation fee is expected to be approximately $25,000-$35,000/project, depending on project size and complexity. MDG Carbon's Cost Recovery Fee will be paid in instalments according to agreed milestones in the CDM project development process: 25% on signature of the MDG Carbon Service Agreement, 50% on CDM project registration, and 25% on first issuance of CERs.

15. At an average total cost (PDD + non-PDD services) of US$161,250 per project, DCCE's CDM project development costs will be lower than MDG Carbon's standard US$170,000 Cost Recovery Fee. Project development will be fast-tracked so as to facilitate registration before December 2012, though such registration cannot be guaranteed. As an indicative timeline (subject to confirmation), it is anticipated that intensive on-site due diligence by members of the MDG Carbon team will take place in August-September 2011; that the 8 CDM PDDs will be drafted by the end of September; that validations will commence in September 2011; and that submissions to the UNFCCC will commence in early to mid-2012.

16. All parties recognize that given this tight timeline, while registration by December 2012 is achievable, there is a real risk that registration by December 2012 may not be met. UNDP will make best endeavours to achieve this target and accelerate the process as much as possible. Progress in meeting this timing will be regularly monitored. If and when circumstances indicate that registration by December 2012 is not possible, the Parties will then look at all reasonable options which may be available.

17. *(iii) Capacity development*. It is acknowledged that this proposed approach to CDM project development is not a perfect substitute for the role that the Senior Technical Advisor would have played. The STA was expected to assist with CDM project development but also to provide ongoing capacity development support to DCCE and external stakeholders. The approach outlined above addresses CDM project development but does not address capacity development.

18. In recognition of this, it is proposed that UNDP maintain an intensive series of staff missions to Dubai in the first 4 months of project operations, to assist with CDM project development and to provide

DCCE and its stakeholders with capacity development services. The capacity development topics, frequency and structure shall be agreed with DCCE, subject to UNDP staffing and logistical constraints. UNDP shall exercise best endeavours to ensure DCCE receives the training and outreach support it requests. These capacity development missions shall be provided to DCCE and its stakeholders at no additional charge to DCCE. In parallel, it is anticipated that a dedicated Project Manager will be located in Dubai to work with DCCE on an ongoing basis, augmented by continuing, but less frequent, missions by overseas staff.

19. Given the diminishing relevance of the CDM to Dubai after 2012, it is proposed to re-orient capacity development services away from the CDM and to encompass more relevant thematic areas. A capacity development workplan will be agreed with DCCE, and may include areas such as: sectoral crediting; post-2012 climate finance (e.g. the Adaptation Fund, NAMAs, MRV, technology transfer, etc.); methodology development (e.g. in the context of the GTX burner project); and sectoral assistance for the Supreme Council of Energy (e.g. relating to energy efficiency performance standards and labels for buildings and appliances, feed-in tariffs for renewable energy, etc.).

20. Capacity development will take the form of workshops and tutorials, held at periodic intervals in agreement with DCCE and leveraging the expertise of the UNDP staff member(s) in Dubai at particular times.

21. The revised approach proposed above – involving PDD development through the use of Energy Changes consultancy; CDM project development coordination and non-PDD services by MDG Carbon; the use of a dedicated Project Manager; and free-of-charge (to DCCE) missions by specialist staff will be structured as:

Output 1:

- 1.1 Salary of Project Manager: US$170,000 maximum (assuming a maximum salary of $10,000 per month for 17 months). UNDP will recruit the Project Manager on a consultancy contract, at a level of seniority approximately equivalent to a P3 or P4 UN employee, to manage the daily operations of the project. The US$170,000 budget for the Project Manager's salary will be transferred from Output 3.
- 1.2 Scheduled missions by UNDP specialists: budget remains unchanged in pro rata terms[1] at US$28,300 (these missions are additional to the zero-charge capacity development missions also committed to by UNDP).
- 1.3 CDM capacity development: budget remains unchanged in pro rata terms at US$35,400, assuming most such capacity development is provided through UNDP missions by visiting staff and by the Project Manager. The capacity development will continue to include CDM but may be extended and diversified to other topics to reflect the declining relevance of CDM to Dubai.

Output 2:

- 2.1 PIN development and screening: budget remains unchanged in pro rata terms at US$35,400. Given the diminished need for PIN sourcing and development as we approach the end of 2012, UNDP proposes that this budget line essentially be devoted to capacity development and incidentals.
- 2.2 PDD development: a maximum of US$520,000 for Energy Changes services and related mission costs.
- 2.3 CDM methodology development: US$120,000. (But this excludes the cost of developing an associated PDD).

MDG Carbon Cost Recovery Fee (CRF):

US$100,000 per project for the 5 largest CDM projects and US$90,000 per project for the 3 smallest CDM projects, leading to a potential total CRF (assuming all 8 projects advance all the way to first

[1] Assuming a 17-month project duration, from August 2011 to December 2012.

issuance of CERs) of US$770,000. DOE validation and verification costs will be additional to the MDG Carbon Cost Recovery Fee.

22. *(iv) Output 3: Integrated Territorial Climate Plan.* The approach adopted for the ITCP component of the project will be the subject of a decision by the DCCE Board in 2012. Until such a decision is made, no work will be performed on Output 3. Removal of US$170,000 from the budget of Output 3 leaves a residual outstanding budget of US$780,000. UNDP is of the view that the ITCP offers strong strategic benefits to the Emirate of Dubai, and that Output 3 should be activated as soon as possible.

23. With regard to project duration, the Project Document stipulates a start date to the 'Promoting Low Carbon Development in Dubai' project of October 1st 2010 and an end-date of September 30th 2012. The Project Document was actually signed on January 17th 2011 and DCCE subsequently requested a project start-date of April 1st 2011. Given that an operational start-date of August 2011 now seems likely, UNDP proposes that the end-date of the project be extended until December 31st 2012 – i.e. 17 months' project duration in total. This end-date can later be extended on the mutual agreement of DCCE and UNDP, depending on project and budget circumstances.

24. With regard to the revised budget:

[Annual amounts given in the Project Document have been scaled to a 17-month project duration and rounded downwards for simplicity]

Output 1: US$233,700

Output 2: US$675,400

Output 3: US$170,000 of the budget has been removed from Output 3 and transferred to Output 1. The remaining budget for Output 3 is US$780,000. The focus, content and implementation of Output 3 are pending a decision to be made by the DCCE Board in 2012.

Monitoring & Evaluation: US$30,000

Miscellaneous: US$30,000

General management support & administrative support services (12%): US$116,292

MDG Carbon Cost Recovery Fee:
US$100,000 per project for the 5 largest CDM projects (DCCE compact fluorescent lightbulbs, DEWA chillers, Dubal potline, Dubal absorption chillers, UCC cement waste heat recovery) and US$90,000 per project for the 3 smallest CDM projects (DEWA photovoltaic, Dubal desalination pump efficiency, Dubal regenerative burners), leading to a potential total CRF (assuming all 8 projects advance all the way to first issuance of CERs) of US$770,000. DOE validation and verification costs will be additional to the MDG Carbon Cost Recovery Fee.

Total budget:
US$1,855,392 (excluding Output 3 and excluding DOE costs), assuming all CDM projects advance all the way to first issuance of CERs[2].

Of which:

[2] And also assuming additional funds are sourced for PDD development of the GTX burner project, thereby justifying the CDM methodology development for this project.

- US$1,085,392 is payable to UNDP through the Cost Sharing Agreement (CSA), in 2 defined tranches:
  - US$723,595 on signature of this Memorandum of Amendment to the Project Document and associated Cost Sharing Agreement
  - US$361,797 on January 1st 2012

- US$770,000 is payable to UNDP by individual project developers (Dubal, DEWA, DCCE and UCC) through MDG Carbon Service Agreements (SAs), in defined instalments according to CDM project development milestones:
  a. 25% of Cost Recovery Fee payable on signing of MDG Carbon Service Agreement
  b. 50% of Cost Recovery Fee payable on registration of project as a CDM project
  c. 25% of Cost Recovery Fee payable on first issuance of CERs

The budget of Output 3, US$780,000, will be transferred to UNDP at such date before December 2012 that the DCCE Board and UNDP formally decide to activate the Output.

Conclusions

25. The revised approach outlined above is intended to map a way forward for the 'Promoting Low-Carbon Development in Dubai' project in the context of changed circumstances, particularly the need to prioritise CDM project development and the absence of a readily-available Senior Technical Advisor. This approach is in line with the discussions held between UNDP and the DCCE shareholders at the DCCE Board meeting on 21st July 2011. UNDP remains committed to providing DCCE with high-quality technical support, quality assurance and capacity development.

المجلس الأعلى للطاقة
حكومة دبي

Agreed by Supreme Energy Council of Dubai: /DCC Chairman

GOVERNMENT OF DUBAI
THE SUPREME COUNCIL OF ENERGY

Agreed by Dubai Carbon Centre of Excellence (DCCE):

Agreed by UNDP UAE Country Office:

United Arab Emirates
United Nations Development Programme