

CDM-2013Q2-INFO08

Quarterly report

Financial resources

Second Quarter, 2013

Version 1.0



United Nations
Framework Convention on
Climate Change

1. Status of income and expenditure to support CDM activities during the period from 1 January to 30 June 2013

1.1. Income

1. Table 1 below shows income received in 2013, including the balance brought forward from 2012.

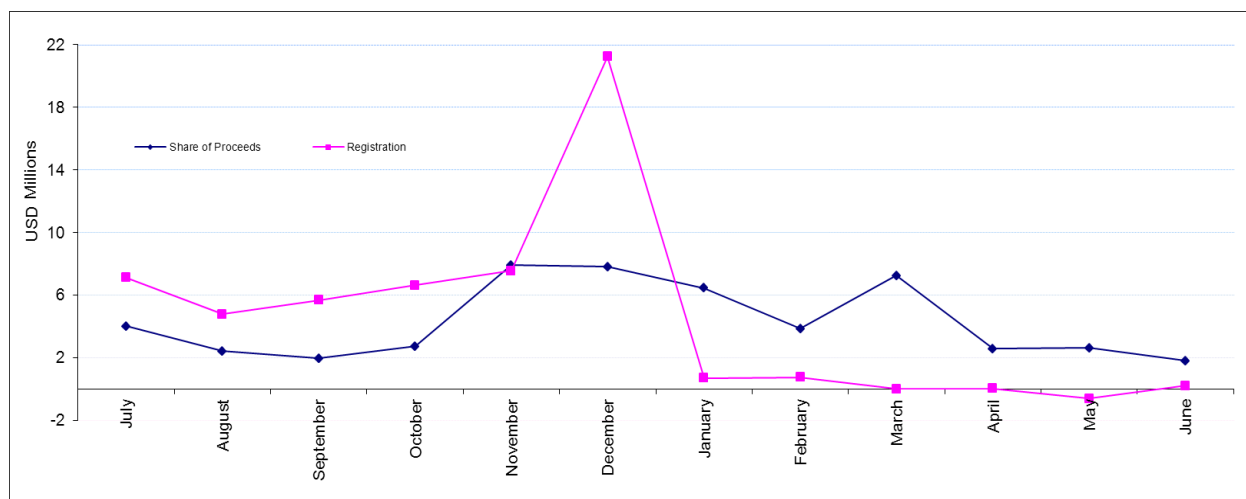
Table 1. Income received in 2013, including carry-over from 2012, in USD

Carry-over figure from 2012 (A)	147,729,143
Accreditation fees	90,000
Fees from the accreditation process	46,621
Registration fees	1,000,906
Methodology fees	5,943
Share of proceeds (SOP)	24,491,665
<i>Sub-total – Income 2013 (B)</i>	25,635,135
Current balance of 2012 carry-over and 2013 income (A + B)	173,364,278

Note: USD 45 million held in reserve (EB 45, 2009) is not included in the above figures.

2. Interest accruing on the CDM Trust Fund from 2009 to 2012 totalled USD 6.8 million. This amount is included in the carry-over and balance given in Table 1 and is earmarked to fund the loan scheme as decided by Parties to the Kyoto Protocol (3/CMP.6, paragraph 65).
3. The total fees (registration and share of proceeds) received to 30 June 2013 amounted to USD 25.6 million, 73% of the USD 35 million that was projected as income in 2013 (Fig. 1)

Figure 1. Registration fees and share of proceeds



1.2. Expenditure

4. Table 2 shows the current level of expenditure by object of expenditure and the utilization rate for the reporting period.

Table 2. Comparison of budget and expenditure by United Nations objects of expenditure (in USD)

UN Object of Expenditure	Budget 2013 (6 months) a	Expenditure 2013 (Jan - June 2013) b	Available Balance c (a-b)	% Rate Expenditure vs Budget d (b/a)
Staff	9,531,653	9,172,009	359,644	96.2%
Consultants	1,003,424	284,153	719,271	28.3%
Experts fees	525,880	981,550	-455,670	186.6%
Experts travel	551,484	128,329	423,156	23.3%
Travel of Representatives	834,027	697,407	136,620	83.6%
Travel of Staff	204,273	348,566	-144,293	170.6%
Training	326,485	54,236	272,249	16.6%
Operating Expenses¹	4,829,083	3,745,469	1,083,614	77.6%
Communications	24,700	15,337	9,363	62.1%
Supplies and Material	17,500	11,785	5,715	67.3%
Grants (EB)	0	221,700	-221,700	n.a
Sub-total	17,848,509	15,660,540	2,187,969	87.7%

¹ Operating Expenses include the "Total Cost of Ownership (TCO)" which is a UNFCCC secretariat-wide cost recovery mechanism for the reimbursement of services provided to secretariat programmes, applied as per Secretariat Management Team decision of 2007. In 2013, TCO (estimated) above for the first five months amounted to USD 0.8 million

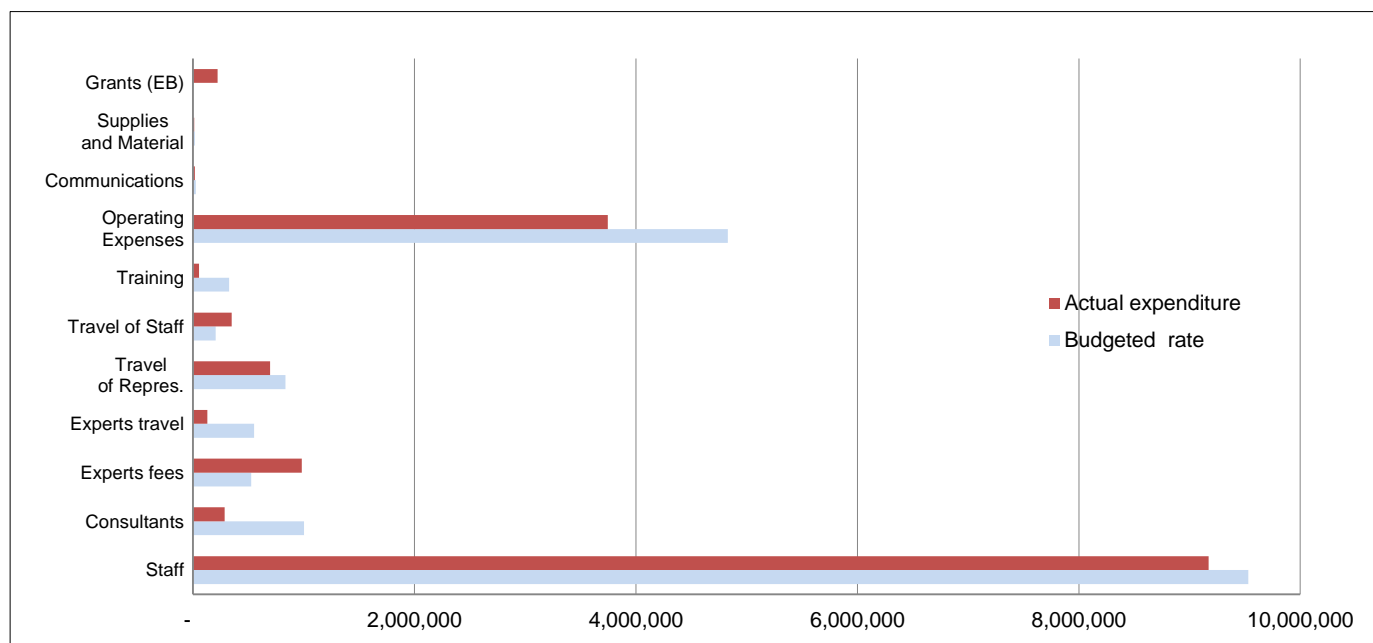
UN Object of Expenditure	Budget 2013 (6 months) a	Expenditure 2013 (Jan - June 2013) b	Available Balance c (a-b)	% Rate Expenditure vs Budget d (b/a)
13% Programme Support²	2,320,306	2,035,870	284,436	
Total	20,168,815	17,696,411	2,472,405	

5. USD300,000 was budgeted under Consultants as administrative fees payable to UNOPS relating the management of the CDM Loan scheme. The actual expenditure for this year will occur in Q3 rather than in Q1 as anticipated. Other consultancies relating to strategy and policy development will be engaged towards the end of 2013. Some consultancies are expected to cost less than budgeted
6. In the first six months, 187% of the funds budgeted for expert fees for the period were expended. Approximately 45% of this is expert fees earmarked for CDM experts, Registration and Issuance Team experts, Carbon Capture and Storage experts and Methodologies Panel experts but as yet not disbursed.
7. USD 250,000 of expert fees paid in 2013 relate to 2012 fees. This trend has been similar to previous years, where expenses were carried forward to the next year due to late receipt of documentation (the 2012 amount was higher than in the past due to the larger amount of registration cases that was processed during the year end). There is a probability that actual expert fees expenditure will exceed the budgeted amount. However, it is anticipated that this excess could be covered by the under spend in Expert travel and consultants.
8. USD 128,329 was spent on expert travel, about 23 per cent of what was budgeted for the six month period. A major component of the expert travel budget is for the meetings of the Methodologies Panel (MP) and Small Scale Working Group (SCWG). The bulk of the expenditure for these two groups is expected in the second half of 2013. That said, the membership of the Methodologies Panel and Accreditation Panel (AP) will be reduced (by about five members each) in the second half. The Afforestation Reforestation Working Group and Carbon Capture and Storage Working Group meetings budgeted for might not take place. In addition, one meeting each of the MP, AP and SCWG has been cancelled.
9. USD 348,566 was spent on staff travel, 170% of what was budgeted for the six months. Travel for on-site project assessments, c. USD 184,000, is a major part of this expenditure. This expenditure will be reimbursed by designated operational entities (DOEs) in the coming months. Excluding this, the expenditure rate would be 80%, which is within the expected range.
10. It is anticipated that training expenses for 2013 would amount to approximately USD320,000. This would result in a potential underspend of approximately USD220,000.
11. RCC MoU institutional arrangements and relocation costs; ITS related expenses (including the new SDM IS system); in-house conference support services; and prorated TCO³ expenses together account for approximately 63% of all operating expenses.

² In accordance with the **financial** procedures of the United Nations, 13 per cent of overhead charges are payable on all trust funds of the UNFCCC to cover administrative services provided by the United Nations Office at Geneva and the UNFCCC secretariat

12. The variance between budgeted operating expenses and actual expenditure is related to the timing of the RCC expenditure. Funds earmarked for the Kampala and Lome RCC will only be recorded in the June 2013 expenditure. Additionally, the Grenada and Bogota RCC will commence operations in the second half of 2013. It is expected that some activities and related costs would pass over into 2014. The impact of the above-mentioned factors will be fully assessed in the 2013 annual financial report.
13. Additionally, the RCC expenditure is expected to cost less than what was budgeted. Based on preliminary estimates, the quantum of the underspend is USD162,000.
14. Grants to Board members for secretarial support and to purchase computer equipment in the first six months amounted to USD 221,700. This represents commitments and disbursements that were made from January to June while the budget anticipated that these expenses would be incurred in the third and fourth quarter.

Figure 2. Comparison of actual expenditure vs budget for Jan- June (In USD)



1.3. Summary of financial position

Table 3. Status of income and expenditure, in USD

Carry-over figure from 2012 (Table 1) (A)	147,729,143
Income 2013	25,635,135
Less : Expenditure 2013 (Table 2)	17,696,411
Surplus (B)	7,938,724
Balance available (at 30 June 2013) (A+B)	155,667,867

Note: USD 45 million held in reserve (EB 45, 2009) is not included in the above figures.

³ "Total Cost of Ownership (TCO)" is a UNFCCC secretariat-wide cost recovery mechanism for the reimbursement of services provide to secretariat programmes. Further information can be found under Table 2.

15. Table 3 shows the balance of the CDM trust fund as at 30 June 2013.
16. From table 1 above, the income for the six months ending June 2013 of USD 25.6 million exceeds the expenditure of USD 17.6 million stated in table 2 (for the same period), resulting in a surplus of USD 7.9 million. However, it should be noted as shown in Table 4 below that from April to June the expenditure exceeded the monthly income. The secretariat will continue to monitor and report on this trend throughout the year.

Table 4. Monthly income and expenditure trend January-June 2013

In USD	January	February	March	April	May	June
Income	6,725,932	4,543,697	7,739,340	2,598,394	2,020,982	2,006,790
Expenditure	2,131,680	3,718,406	2,593,407	3,473,806	2,359,920	3,419,192
Income minus expenditure	4,594,252	825,291	5,145,933	(875,412)	(338,938)	(1,412,402)

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Document information

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