

CDM-2014Q3-INFO03

Quarterly report

Financial resources

Third Quarter, 2014

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 September 2014

1.1. Income

1. Table 1 below shows the income received in the period 1 January to 30 September 2014 and the balance brought forward from 2013.

Table 1. Income received in 2014, including carry-over from 2013, (in USD)

Carry-over figure from 2013 (A)	148,940,705
Income received in 2014	
Accreditation fees	15,000
Fees from the accreditation process	117,948
Registration fees ^(a)	1,198,169
Methodology fees ^(b)	4,000
Share of proceeds (SOP) ^(c)	4,241,220
Sub-total – Income 1 Jan-30 Sept 2014 (B)	5,576,337
Current balance of 2013 carry-over and 2014 income (A + B)	154,517,042

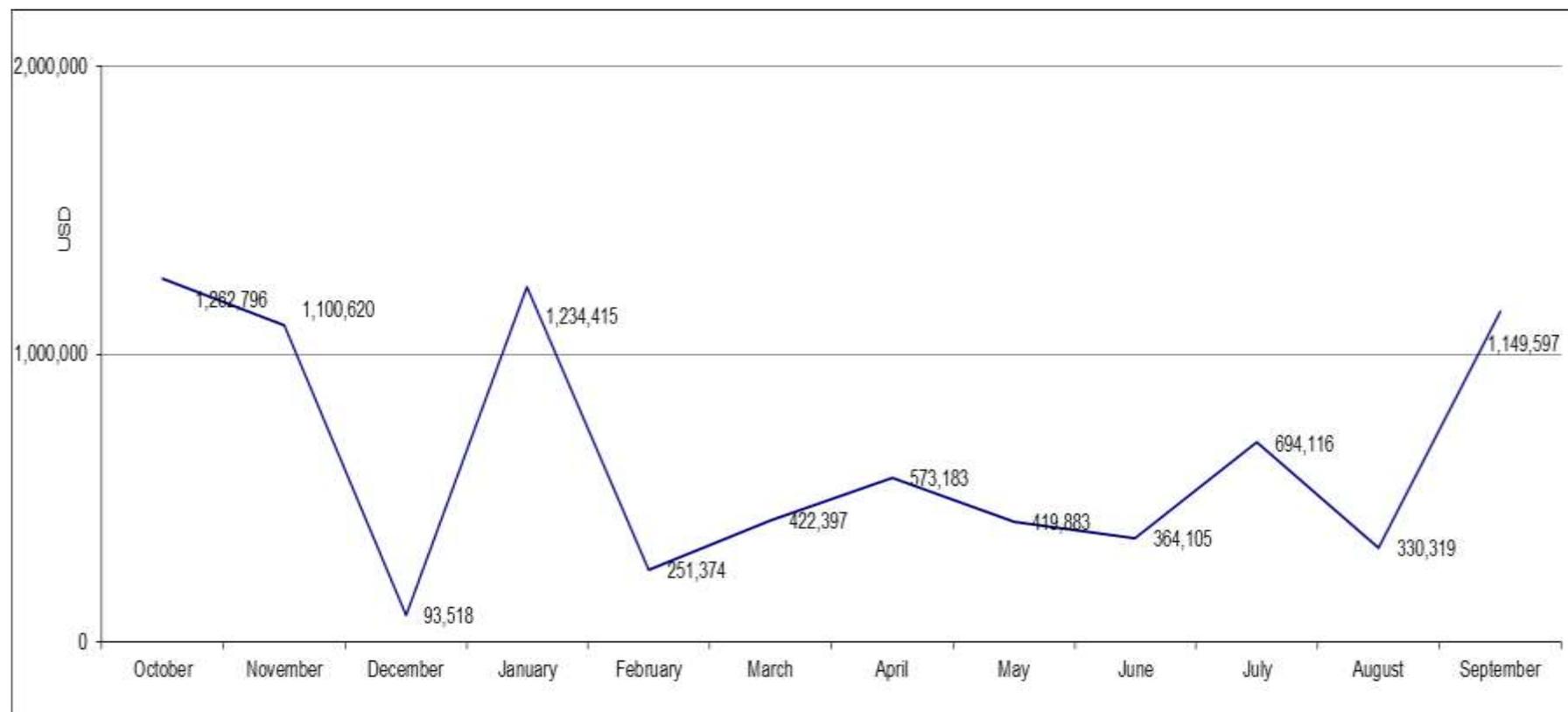
Note: USD 45 million held in reserve (EB 45, 2009) is not included in the above figures.

- ^(a) This fee is based on the average annual issuance of CERs over the first crediting period and is calculated as a share of proceeds to cover administrative expenses, as defined in decision 7/CMP.1, paragraph 37. Projects with annual average emission reductions of less than 15,000 tonnes of carbon dioxide equivalent are exempt from the registration fee, and the maximum fee applicable is USD 350,000. This fee is considered to be a pre-payment of the share of proceeds to cover administrative expenses.
- ^(b) A non-refundable submission fee of USD 1,000 is payable at the time a new methodology is proposed. If the proposal leads to an approved methodology, the project participants receive a credit of USD 1,000 against payment of the registration fee or a pre-payment of share of proceeds.
- ^(c) The share of proceeds, payable at the time of issuance of CERs, is USD 0.10 per CER issued for the first 15,000 CERs for which issuance is requested in a given calendar year, and USD 0.20 per CER issued for amounts in excess of 15,000 CERs.
2. The total fees received as at 30 September 2014 amounted to USD 5.6 million (Table 1). This is equivalent to 30 per cent of the expected income of USD 18.7 million for the first nine months, based on a linear rate against the USD 25 million projected income for 2014.
3. The total interest accrued in the CDM Trust Fund from prior years to the end of 2013 amounted to USD 8.0 million and is included in the carry-over and balance reported in Table 1. The accrued interest is currently ear-marked to fund the loan scheme to support the development of CDM project activities in countries with fewer than ten such activities registered, in accordance with decision 3/CMP.6, paragraph 65.

1.1.1. Registration fees and shares of proceeds

4. Figure 1 below provides a monthly overview of the income received.

Figure 1. Monthly registration fees and share of proceeds - 1 October 2013 to 30 September 2014 (12 months period)



1.2. Expenditure

5. Table 2 shows the actual expenditure incurred and the utilization rate for the reporting period.

Table 2. Comparison of budget and expenditure for the period 1 January to 30 September 2014 (in USD)

UN Object of Expenditure	Budget	Actual expenditure	Difference	% Rate
	(Jan–Dec 14)	(Jan–Sep 14)	(a-b)	Expenditure vs Budget
	a	b	c	(b/a)
				d
Staff	17,867,510	13,565,671	4,301,839	75.9%
Consultants	596,181	188,720	407,461	31.7%
Experts fees ^(a)	366,200	252,600	113,600	69.0%
Experts travel ^(b)	519,957	262,019	257,938	50.4%
Travel of representatives - EB	1,127,012	493,270	633,742	43.8%
Travel of representatives – DNA	783,022	407,621	375,401	52.1%
Travel of staff	389,744	253,328	136,416	65.0%
Training	279,139	148,735	130,404	53.3%
Operating expenses ^(c)	6,768,085	4,800,033	1,968,052	70.9%
Communications	45,600	36,664	8,936	80.4%
Supplies and material	30,000	49,434	-19,434	164.8%
Grants (EB)	357,000	317,500	39,500	88.9%
Sub-total	29,129,450	20,775,595	8,353,855	71.3%
13% Programme support ^(d)	3,786,829	2,700,827	1,086,001	
Total	32,916,279	23,476,422	9,439,856	

^(a) Expert fees refer to panel and working group attendance fees and case fees.

^(b) Expert travel refers to costs of panel and working group member.

^(c) Operating expenses include 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 2014, TCO is estimated to be USD 1.9 million.

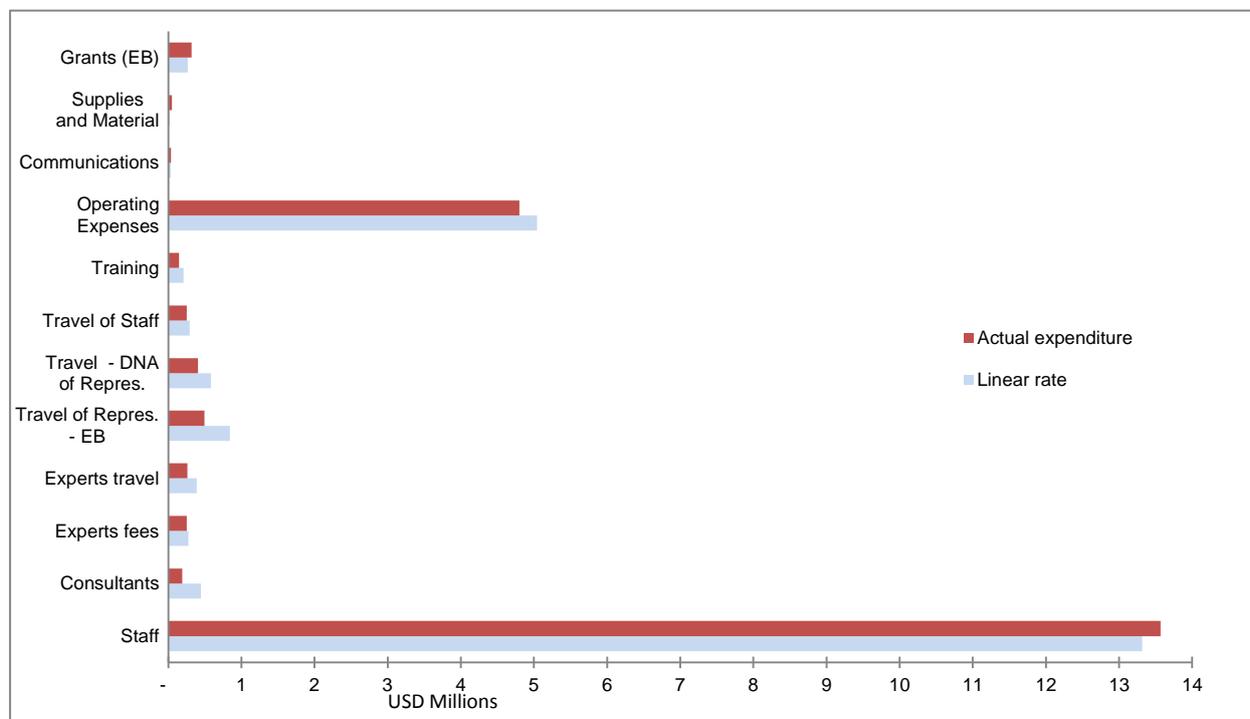
^(d) In accordance with the financial procedures of the United Nations, 13 per cent of overhead charges are payable on all trust funds of the UNFCCC to cover administrative services provided by the United Nations Office at Geneva and the UNFCCC secretariat.

6. The linear rate of expenditure for the first nine months in 2014 is 75 per cent.
7. Consultants' costs are 32 per cent of the 2014 budget. Consultants will be brought on board for planned work relating to CDM loan scheme, standardized baselines and demand side initiative in Q4 of 2014. Expenditure is expected to align with the original projections.
8. Expert travel amounts to 50 per cent of the 2014 budget. The expert travel expenditure rate reflects the fact that part of the travel costs relating to the AP, MP and SSC

meetings held in January 2014, was processed and paid for in the December 2013 financial accounting period.

9. Travel of EB representatives amounts to 44 per cent of the 2014 budget. Travel of EB representatives is lower than expected due to a temporarily unfilled position, lower than expected attendance at two meetings and cost sharing with secretariat for CDM-EB meetings that were back to back with SB and ADP meetings.
10. Travel of DNA representatives is 52 per cent of the 2014 budget. The lower than expected expenditure rate is due to cost sharing with another secretariat programme, in relation to the Latin American and Caribbean DNA meeting. In addition, there was a lower than budgeted attendance rate at the DNA meeting held in Bangkok. The expenditure is expected to be lower than the original projections for 2014.
11. Training expenditure is 53 per cent of the 2014 budget. Expenses for the Lean Six Sigma initiative (enhancing the efficiency and effectiveness of operations), annual licence fees for the Learning Management System (LMS), and training initiatives were incurred during the period. Expenditure is expected to align with the original projections as the year progresses.
12. Communications costs are 80 per cent of the 2014 budget. The higher expenditure rate during the nine months is due to commitments for communication (telephony) expenses which cover the whole year. Expenditure is therefore expected to align with the original projections as the year progresses.
13. The expenditure for supplies and materials are 165 per cent of the 2014 budget. The higher expenditure rate is due to unforeseen increases in electronic online subscriptions due to changes in the licensing agreements with the supplier. As the total amount of budget for supplies and materials is only USD 30,000, the overspend under this budget item is not expected to have significant impact on overall budget performance at the end of the year.

Figure 2. Status of budget versus expenditure for the period 1 January to 30 September 2014 (in USD)



14. Figure 2 shows the actual expenditure against the linear rate for the first nine months of 75 per cent. Column (d) in Table 2 shows the rate of expenditure as a percentage of the total 2014 budget for each cost category.

1.3. Summary of financial position

15. Table 3 below shows the balance of the CDM Trust Fund as at 30 September 2014. The expenditure of USD 23.5 million stated in Table 2 exceeds the income for the period ending 30 September 2014 (Table 1) of USD 5.6 million, resulting in a deficit of USD 17.9 million. Although it had been anticipated at the time of consideration of the CDM MAP 2014, that the operationalization of the CDM is entering a difficult period, where expenditure would exceed income, the income received during this nine months is far below the projected income. Based on the revised strategy paper on income/expenditure projections, presented to EB80 in July 2014, the projected income for the year is expected to be USD 8.4 million.

Table 3. Available balance as at 30 September 2014 (in USD)

Carry-over figure from 2013 (A)	148,940,705
Status of funds for the period Jan – Sept 2014	
Income received	5,576,337
Less : Actual expenditure	23,476,422
Total surplus/(deficit) (B)	(17,900,085)
Balance available at 30 September 2014 (A+B)	131,040,620

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

Table 4. Income and expenditure trend January-September 2014

In USD	1st quarter 2014	2nd quarter 2014	3rd quarter 2014	Total
Income	1,942,187	1,423,743	2,210,408	5,576,337
Expenditure	7,746,476	7,708,562	8,021,384	23,476,422
Income minus expenditure	(5,804,290)	(6,284,819)	(5,810,977)	(17,900,085)

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