

CDM-2014Q4-INFO07

Quarterly report

Financial resources

Fourth Quarter, 2014

Version 01.0



United Nations
Framework Convention on
Climate Change

1. Status of income and expenditure to support CDM activities during the period from 1 January to 31 December 2014

1.1. Income

1. Table 1 below shows the income received in the period from 1 January to 31 December 2014 and the balance brought forward from 2013.

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

| | |
|---|--------------------|
| Carry-over figure from 2013 (A) | 148,940,705 |
| Income received in 2014 | |
| Accreditation fees | 15,000 |
| Fees from the accreditation process | 143,464 |
| Registration fees ^(a) | 1,772,560 |
| Methodology fees ^(b) | 4,000 |
| Share of proceeds (SOP) ^(c) | 7,308,561 |
| Sub-total – Income 1 Jan-31 Dec 2014 (B) | 9,243,585 |
| | |
| Current balance of 2013 carry-over and 2014 income (A + B) | 158,184,29 |

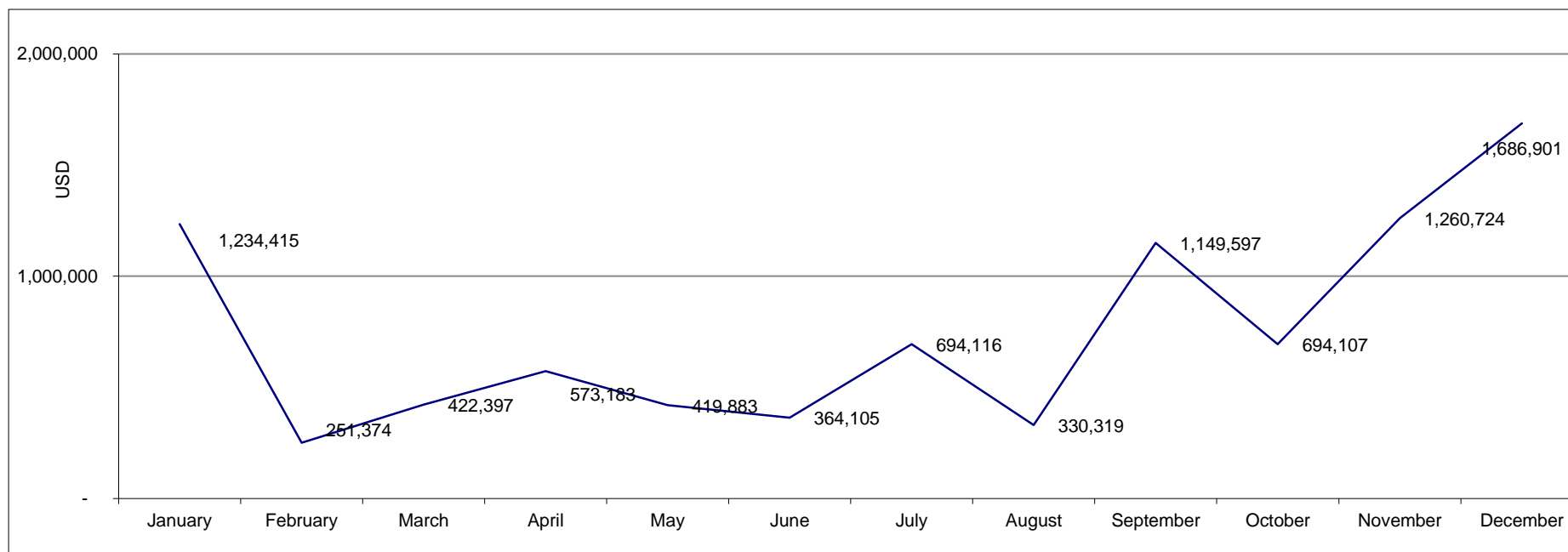
Note: USD 45 million held in reserve (EB 45, 2009) is not included in the above figures.

- ^(a) This fee is based on the average annual issuance of certified emission reductions (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 31 December 2014 amounted to USD 9.2 million (table 1). This is equivalent to 37 per cent of the USD 25 million projected income for 2014.
 3. The total interest accrued in the clean development mechanism (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 earmarked to fund the loan scheme to support the development of CDM project activities in countries with fewer than 10 such activities registered, in accordance with decision 3/CMP.6, paragraph 65.

1.1.1. Registration fees and shares of proceeds

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

Figure 1. Monthly registration fees and share of proceeds - 1 January 2014 to 31 December 2014 (12-month period)



1.2. Expenditure

4. 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 from 1 January to 31 December 2014 (in United States dollars)

| UN Object of Expenditure | Budget (Jan–Dec'14) a | Actual expenditure (Jan–Dec'14) b | Difference (a-b) c | % Rate Expenditure vs Budget (b/a) d |
|--------------------------------------|-----------------------------|--|--------------------------|--|
| Staff | 17,867,510 | 17,445,226 | 422,284 | 98% |
| Consultants | 596,181 | 449,962 | 146,219 | 75% |
| Experts fees ^(a) | 366,200 | 322,200 | 44,000 | 88% |
| Experts travel ^(b) | 519,957 | 280,690 | 239,267 | 54% |
| Travel of representatives – EB | 1,127,012 | 616,136 | 510,876 | 55% |
| Travel of representatives – DNA | 783,022 | 526,119 | 256,903 | 67% |
| Travel of staff | 389,744 | 346,180 | 43,564 | 89% |
| Training | 279,139 | 196,861 | 82,278 | 71% |
| Operating expenses ^(c) | 6,768,085 | 6,553,749 | 214,336 | 97% |
| Communications | 45,600 | 40,388 | 5,212 | 89% |
| Supplies and material | 30,000 | 69,671 | -39,671 | 232% |
| Grants (EB) | 357,000 | 317,500 | 39,500 | 89% |
| Subtotal | 29,129,450 | 27,164,683 | 1,964,767 | 93% |
| 13% Programme support ^(d) | 3,786,829 | 3,495,878 | 290,951 | |
| Total | 32,916,279 | 30,660,561 | 2,255,718 | |

Abbreviations: DNA = Designated National Authority, EB = Executive Board

(a) "Expert fees" refers to panel and working group attendance fees and case fees.

(b) "Expert travel" refers to costs of panel and working group members.

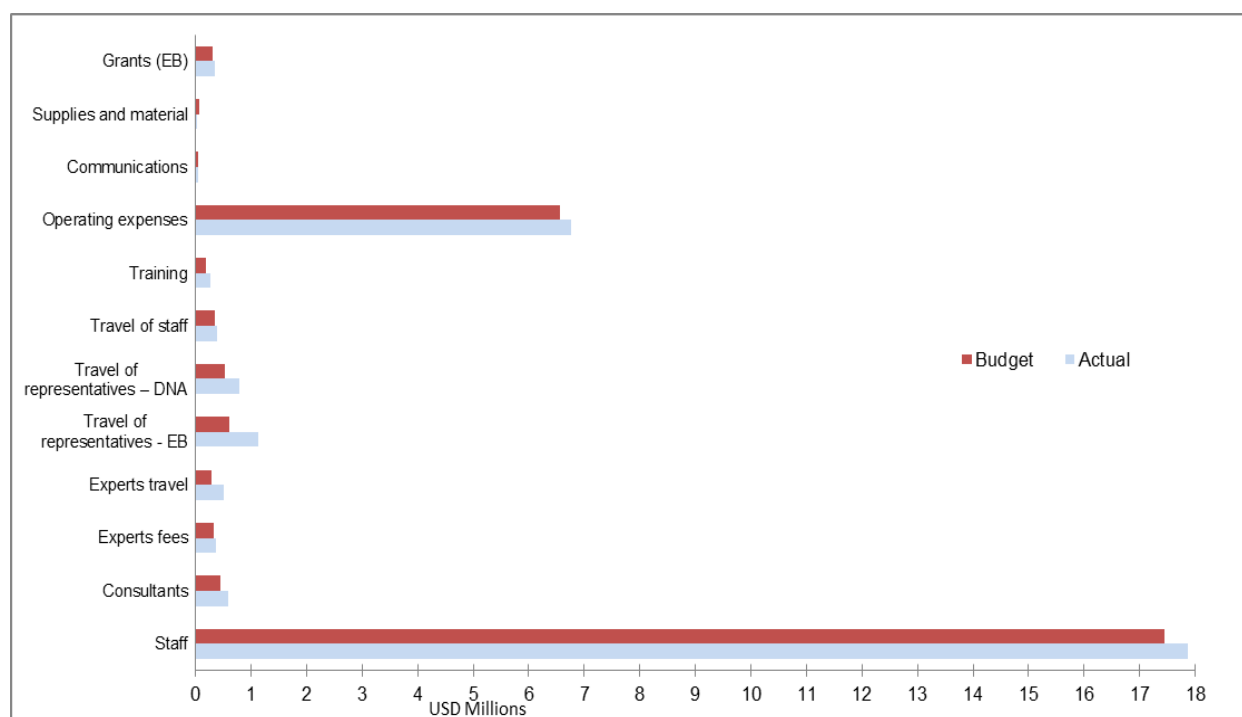
(c) "Operating expenses" include Total Cost of Ownership (TCO) which is a UNFCCC secretariat-wide cost recovery mechanism for the reimbursement of services provided to secretariat programmes, applied as per secretariat Management Team decision of 2007. In 2014, TCO was estimated to be USD 1.9 million.

(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.

5. Expert travel amounts to 54 per cent of the 2014 budget. The expert travel expenditure rate reflects the fact that part of the travel costs relating to the Accreditation Panel, Methodologies Panel and Small-Scale Working Group meetings held in January 2014, was processed and paid for in the December 2013 financial accounting period. Additionally, the 70th meeting of the Accreditation Panel scheduled to be held in November 2014 was postponed.

6. Travel of CDM Executive Board (Board) representatives amounts to 55 per cent of the 2014 budget. Travel of Board representatives is lower than expected due to a temporarily unfilled position, lower than expected attendance at three meetings and cost-sharing with the secretariat for Board meetings that were back-to-back with sessions of the subsidiary bodies and the Ad Hoc Working Group on the Durban Platform for Enhanced Action.
7. Travel of designated national authority (DNA) representatives is 67 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, Thailand, and the DNA Global Forum.
8. Training expenditure is 71 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.
9. The expenditure for supplies and materials are 180 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 did not have a significant impact on overall budget performance at the end of the year.

Figure 2. Status of budget versus expenditure for the period from 1 January to 31 December 2014 (in United States dollars)



10. Figure 2 shows the actual expenditure against the 2014 budget. 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

11. Table 3 below shows the balance of the CDM Trust Fund as at 31 December 2014. The expenditure of USD 30.7 million stated in table 2 exceeds the income for the period ending 31 December 2014 (table 1) of USD 9.2 million, resulting in a deficit of USD 21.4 million. Although it had been anticipated at the time of consideration of the CDM MAP 2014 that the operationalization of the CDM was entering a difficult period, where expenditure would exceed income, the income received during this twelve-month period is far below the projected income.

Table 3. Available balance as at 31 December 2014 (in United States dollars)

| | |
|--|---------------------|
| Carry-over figure from 2013 (A) | 148,940,705 |
| Status of funds for the period Jan – Dec 2014 | |
| Income received | 9,243,585 |
| Less : Actual expenditure | 30,660,561 |
| Total surplus/(deficit) (B) | (21,416,976) |
| Balance available at 31 December 2014 (A+B) | 127,523,729 |

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

Table 4. Income and expenditure trend January–December 2014

| In United States dollars | 1st quarter 2014 | 2nd quarter 2014 | 3rd quarter 2014 | 4th quarter 2014 | Total |
|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------|
| Income | 1,942,187 | 1,423,743 | 2,210,408 | 3,667,248 | 9,243,586 |
| Expenditure | 7,746,476 | 7,708,562 | 8,021,384 | 7,184,139 | 30,660,561 |
| Income minus expenditure | (5,804,289) | (6,284,819) | (5,810,976) | (3,516,891) | (21,416,975) |

Document information

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