

CDM-2015Q3-INFO03

Quarterly report

Financial resources

Third Quarter, 2015

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 2015

1.1. Income

1. Table 1 below shows the balance brought forward from 2014 and the income received in the period from 1 January to 30 September 2015.

Table 1. Income received in 2015, including carry-over from 2014 (United States dollars)

Carry-over figure from 2014 (A)	128 031 587
Income received in 2015	
Accreditation fees	22 500
Fees from the accreditation process	27 916
Registration fees ^(a)	722 122
Methodology fees ^(b)	4 000
Share of proceeds (SOP) ^(c)	6 544 483
Subtotal – Income 1 Jan.–30 Sep. 2015 (B)	7 321 021
Current balance of 2014 carry-over and 2015 income (A + B)	135 352 608

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 30 September 2015 amounted to USD 7.3 million (table 1). This is considerably more than the expected income of the USD 3.1 million projected income for 2015.¹ The 2014 projections versus actual income² reflected the significant drop in the certified emission reduction (CER) price that occurred during that period. The average price that is now being realized has more than doubled (USD 0.14 per CER to USD 0.36 per CER). This increase has in turn stimulated demand leading to an increase in both the size of issuances being submitted with a modest increase (4 per cent) in

¹ As per CDM business plan 2014–2015 (CDM-EB81-A01, section 4.1, paragraph 13).

² The projected income for 2014 was USD 25 million. The total income received for 2014 was USD 9.2 million.

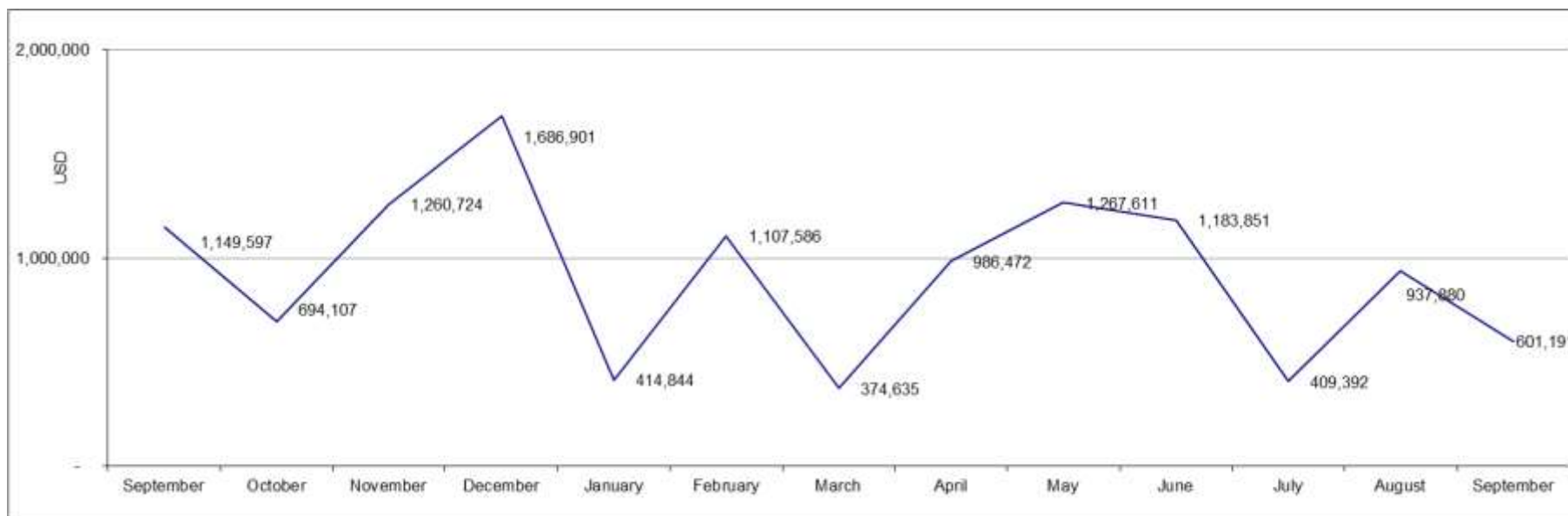
issuance fees being paid in 2015. This is reflected in the increased revenue figure when compared to the very conservative figure originally used for the budget.

3. CERs remain in pending accounts for which forwarding has not been requested. The CERs have a value in terms of fees of approximately USD 33.4 million. The secretariat has already performed all related tasks with the exception of forwarding for the corresponding projects. Under the current CDM rules, secretariat work invested in CDM projects that do not complete the forwarding stage of the cycle cannot be recovered. Under the prevailing market conditions the secretariat does not expect to recover the corresponding fees in 2015.
4. The total interest accrued in the CDM Trust Fund from prior years to the end of 2014 amounted to USD 9.1 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

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

Figure 1. Monthly registration fees and share of proceeds – 1 September 2014 to 30 September 2015



1.2. Expenditure

6. Table 2 shows the 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 United States dollars)

UN Object of Expenditure	Budget (Jan–Dec 15) a	Actual expenditure (Jan–Sep 15) b⁽ⁿ⁾	Difference (a-b) c	% rate expenditure vs budget (b/a) d
Staff ^(a)	15 380 762	10 853 632	4 527 130	71%
Consultants ^(b)	219 203	119 996	99 207	55%
Experts fees ^(c)	442 800	231 300	211 500	52%
Experts travel ^(d)	439 588	211 383	228 205	48%
Travel of representatives - EB ^(e)	1 131 841	493 931	637 910	44%
Travel of representatives – DNA ^(f)	498 164	434 318	63 846	87%
Travel of staff ^(g)	244 658	252 082	- 7 424	103%
Training ^(h)	161 464	33 403	128 061	21%
Operating expenses ⁽ⁱ⁾	5 865 287	5 097 003	768 284	87%
Mobile Communications ^(j)	18 800	14 654	4 146	78%
Supplies and material ^(k)	95 000	30 127	64 873	32%
Grants (EB) ^(l)	357 000	435 617	- 78 617	122%
Subtotal	24 854 567	18 191 919	6 662 648	73%
13% Programme support ^(m)	3 231 093	1 991 292	1 239 801	62%
Total	28 085 660	20 183 211	7 902 449	72%

^(a) Staff costs include Staff, General Temporary Assistance (GTA) and staff-related costs such as salaries, overtime payments, dependency allowance, education grant, rental subsidy, home leave travel, travel on appointment and separation, etc.

^(b) Consultant costs include consultants and individual contractor fees and travel costs.

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

^(d) Expert travel refers to ticket costs and daily subsistence allowance (DSA) of panel and working group members.

^(e) Travel of representatives - EB includes ticket costs, DSA, 40 per cent additional DSA for members/alternate members for meetings of the Board and the EB events at the UNFCCC sessions.

^(f) Travel of representatives - DNA includes ticket cost and DSA for participants.

^(g) Travel of staff includes ticket cost, DSA, terminal expenses and miscellaneous expenses.

^(h) Training costs include staff attendance or course fees, ticket costs and DSA.

⁽ⁱ⁾ Operating expenses include engagement agreements (conference affairs, IT, regional collaboration centres), rental of equipment, shipping and transport costs, maintenance costs and other logistics costs. It also includes 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 a secretariat Management Team decision of 2007. In 2015 TCO is estimated to be USD 1.7 million.

- (j) Official mobile telephone charges; this does not include the charges incurred on the regular office telephones (those are covered through TCO).
 - (k) Acquisition of hardware, supplies, software and subscriptions.
 - (l) Grants (EB) includes support to individual members/alternate members for: (i) secretarial/administrative support (temporary secretarial staff and related services, printing, stationery and consumable materials, telephone and internet costs, insurance to cover the loss or theft of laptops); and (ii) IT-related expenses (laptop and software, printers).
 - (m) 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. Expenditure includes obligations.
 - (n) Expenditure includes obligations.
7. The linear rate of expenditure for the first nine months in 2015 is 75 per cent. Column (d) in table 2 shows the rate of expenditure as a percentage of the total 2015 budget for each cost category.
 8. Consultants' costs are 55 per cent of the projected 2015 budget for this object of expenditure, which is lower than the linear rate of expenditure (75 per cent) and reflects that the planned consultancies for 2015 are not equally distributed across the quarters of the year. Expenditure is expected to align with original projections as the year progresses.
 9. Expert fees amounts to 52 per cent of the projected 2015 budget for this object of expenditure, which is lower than the linear rate of expenditure (75 per cent) and reflects a reduction in the actual case work in relation to projections.
 10. Expert travel amounts to 48 per cent of the 2015 budget for this object of expenditure, which is lower than the linear rate of expenditure (75 per cent). The lower expenditure rate against the linear rate of expenditure reflects the fact that the meetings of the Accreditation Panel, Methodologies Panel, Small-Scale Working Group and Afforestation and Reforestation Working Group are not equally distributed across the quarters of the year. Expenditure is, however, expected to be under the original projections at year end.
 11. Travel of EB representatives amounts to 44 per cent of the projected 2015 budget for this object of expenditure. The lower expenditure rate against the linear rate of expenditure (75 per cent) reflects the use of a budget calculation method that provides a lump sum per member and alternate member; regardless of from where the individuals that are elected to serve on the Board actually travel. Other reasons for lower than expected expenditure under this object of expenditure are: a current Board vacancy; the absence of some members/alternate members at meetings; and the proximity of several of the current members/alternate members to the meeting venue.
 12. Travel of DNA representatives is 87 per cent of the 2015 budget for this object of expenditure. The higher than expected expenditure rate against the linear rate of expenditure (75 per cent) reflects the fact that the planned forums for 2015 are not equally distributed across the quarters of the year. Expenditure is expected to align with original projections as the year progresses.
 13. Travel of staff representatives is 103 per cent of the 2015 budget for this object of expenditure. The higher than expected expenditure rate against the linear rate of expenditure (75 per cent) reflects the fact that projected staff travel costs, based on United Nations standard travel cost estimates, until the end of the year, have been obligated in quarter three as part of the implementation of the new financial system

(Umoja). Expenditure is expected to align with original projections as the year progresses.

14. Training expenditure is 29 per cent of the 2015 budget for this object of expenditure. This lower expenditure rate, as compared to the 39 per cent expenditure rate documented in the mid-year financial report,³ is due to two training events that were delivered at a cost well below estimated amounts, resulting in a savings of USD 44,000. The overall lower than expected expenditure rate against the linear rate of expenditure (75 per cent) reflects a delay in planned training initiatives due to the organizational restructuring and redeployment process in the Sustainable Development Mechanisms programme of the secretariat.
15. Operating expenses amounts to 87 per cent of the projected 2015 budget for this object of expenditure. The higher expenditure rate against the linear rate of expenditure (75 per cent) reflects the higher-than-estimated operational costs of the CDM loan scheme. Additionally, operating expenses include the Total Cost of Ownership (TCO), with obligations to cover the full year.
16. The expenditure for supplies and materials is 32 per cent of the 2015 budget. The lower expenditure rate against the linear rate of expenditure (75 per cent) is due to the fact that the renewals of electronic subscriptions are not equally distributed across the quarters of the year. Expenditure is expected to align with original projections as the year progresses.
17. The expenditure for grants (EB) amounts to 122 per cent of the 2015 budget. The higher expenditure rate against the linear rate of expenditure (75 per cent) reflects the fact that some 2014 declarations were processed in 2015 and that all 2015 declarations have been processed. No further expenditure is expected in 2015.

1.3. Summary of financial position

18. Table 3 below shows the balance of the CDM Trust Fund as at 30 September 2015. The expenditure of USD 20.1 million stated in table 2 exceeds the income for the period ending 30 September 2015 (table 1) of USD 7.3 million, resulting in a deficit of USD 12.8 million. Although it had been anticipated at the time of consideration of the CDM management plan (MAP) 2015 that the CDM is entering a difficult period, where expenditure would exceed income, the income received during these nine months has exceeded the projected income.

Table 3. Available balance as at 30 September 2015 (United States dollars)

Carry-over figure from 2014 (A)	128 031 587
Status of funds for the period Jan.–Sep. 2015	
Income received	7 321 021
Less: Expenditure	20 183 212
Total surplus/(deficit) (B)	- 12 862 191
Balance available at 30 September 2015 (A+B)	115 169 396

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

³ Status of CDM MAP 2015 implementation (CDM-EB85-AA-04), section 3.1.2, table 4.

Table 4. Income and expenditure trend January–September 2015

	1st quarter 2015	2nd quarter 2015	3rd quarter 2015	Total
Income	1 897 064	3 473 295	1 950 662	7 321 021
Expenditure	6 684 752	6 220 878	7 277 582	20 183 212
Income minus expenditure	- 4 787 688	- 2 747 583	- 5 326 920	-12 862 191

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Document information

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