

CDM-2016Q1-INFO01

Quarterly report

Financial resources

First Quarter, 2016

Version 01.0



United Nations
Framework Convention on
Climate Change

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1. Status of income and expenditure to support CDM activities during the period from 1 January to 31 March 2016

1.1. Income

1. Table 1 below shows the balance brought forward from 2015 and the income received in the period 1 January to 31 March 2016.

Table 1. Income received in 2016, including carry-over from 2015 (in USD)

Carry-over figure from 2015 (A) ^(a)	112 273 902
Income received in 2016	
Accreditation fees	15 000
Fees from the accreditation process	1 600
Registration fees ^(b)	120 516
Methodology fees ^(c)	1 000
Share of proceeds (SOP) ^(d)	554 210
Sub-total – Income (B)	692 326
Current balance of 2015 carry-over and 2016 income (A + B)	112 966 228

Note: USD 45 million held in reserve (see Executive Board (EB) forty-fifth meeting report (2009)) is not included in the above figures.

^(a) The carry-over balance presented in this table is not equivalent to the balance available at 31 December 2015 documented in table 3, section 1.3, of the 2015 Q4 financial report (CDM-2015Q4-INFO03). The difference is due to transactions processed between the date of issuance of the Q4 report and the closure of the 2015 accounts. The 2015 accounts have not yet been finalized, and the carry-over figure for 2015 may still change from the number presented in this table.

^(b) 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.

^(c) 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 the payment of the registration fee or a pre-payment of the share of proceeds.

^(d) 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.

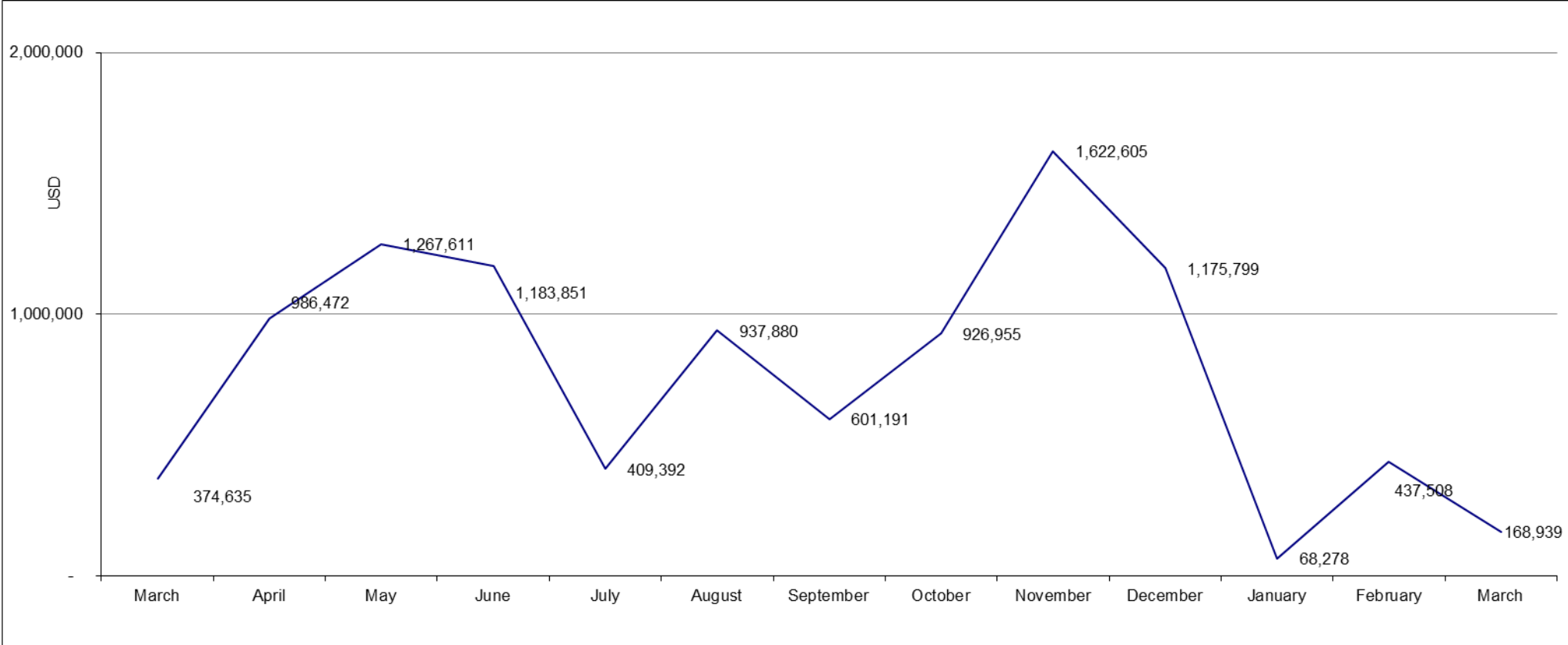
2. The total fees received as at 31 March 2016 amounted to USD 692,000 (table 1). This is in line with the conservative zero projected income for the period 2016–2017.¹
3. CERs remain in pending accounts, for which the share of proceeds to cover administrative expenses has not been paid. The CERs have a value in terms of fees of approximately USD 35.6 million. The secretariat has already performed all related tasks with the exception of the forwarding stage for the corresponding projects. Under the current clean development mechanism (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 majority of the corresponding fees in 2016.
4. The total interest accrued in the CDM Trust Fund from prior years to the end of 2015 amounted to USD 9.9 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. Expenditure in 2016 related to the loans scheme amounts to USD 18,150, and further commitments are undergoing the approval process.

¹ As per the CDM business plan 2016–2017 (CDM-EB87-A01, appendix, section 4, paragraph 7).

1.1.1. Registration fees and shares of proceeds

5. The figure below provides a monthly overview of the income received.

Figure. Monthly registration fees and share of proceeds – 1 March 2015 to 31 March 2016 (12-month period)



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 31 March 2016 (in United States dollars)

UN Object of Expenditure	Budget 2016 a	Expenditure (Jan–Mar 16) b ^(a)	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) d
Staff ^(a)	10 170 000	2 718 438	7 451 562	26.7%
Consultants ^(b)	730 900	102 744	628 156	14.1%
Expert fees ^(c)	288 100	7 200	280 900	2.5%
Expert travel ^(d)	260 700	65 505	195 195	25.1%
Travel of representatives – DNAs ^(e)	589 800		589 800	0.0%
Travel of representatives – EB ^(f)	428 000	71 030	356 970	16.6%
Travel of staff ^(g)	291 300	44 070	247 230	15.1%
Training ^(h)	20 000	4 705	15 295	23.5%
Operating expenses ⁽ⁱ⁾	691 000	86 746	604 254	12.6%
RCC operations ^(j)	660 000	195 886	464 114	29.7%
Total Cost of Ownership ^(k)	1 550 000	403 232	1 146 768	26.0%
Engagement agreement (ICT) ^(l)	1 203 000	147 606	1 055 394	12.3%
Mobile communications ^(m)	18 800		18 800	0.0%
Supplies and material ⁽ⁿ⁾	100 600	30 087	70 513	29.9%
Grants (EB) ^(o)	376 500	359 500	17 000	95.5%
Subtotal	17 378 700	4 236 749	13 141 951	24.4%
13% Programme support ^(p)	2 239 731	550 777	1 688 954	
Total	19 618 431	4 787 527	14 830 904	

^(a) Staff costs include staff and General Temporary Assistance salaries and staff-related costs, such as 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 associated travel costs.

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

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

^(e) Travel of representatives from designated national authorities (DNAs) includes participants' ticket costs and DSA.

- (f) Travel of members and alternate members to EB meetings includes ticket costs, DSA, 40 per cent additional DSA for members/alternate members for meetings of the Board and the EB events at the United Nations Framework Convention on Climate Change (UNFCCC) sessions.
 - (g) Travel of staff includes ticket costs, DSA, terminal expenses and miscellaneous expenses.
 - (h) Training costs include staff attendance or course fees, ticket costs, and DSA.
 - (i) Operating expenses include rental of equipment, shipping and transport costs, maintenance costs and other logistical costs.
 - (j) Regional Collaboration Centres (RCC) operation costs include costs relating to administering the RCCs and RCC staff missions, including travel and mission subsistence allowance (MSA) costs.
 - (k) Total Cost of Ownership (TCO): Service programmes in the secretariat (Information and Communication Technology (ICT), Conference Affairs Services and Administrative Services) render services to all secretariat activities funded from both core and non-core sources of funding (such as the CDM Trust Fund). The purpose of TCO charges is to ensure the allocation of costs of these support services to the sources of funding to which they relate. In 2016, the TCO charge per capita of EUR 15,144 is applied.
 - (l) Engagement agreement (Information and Communication Technology) includes IT costs related to the support of six MAP projects and the maintenance of the operational IT infrastructure required to operate the CDM project activity cycle workflows (e.g. registry, project submission work flows, etc.).
 - (m) Official mobile telephone charges are for mobile phone services and do not include the charges incurred on the regular office telephones (those are covered through TCO).
 - (n) Acquisition of hardware, supplies, software and subscriptions.
 - (o) Grants for the EB include 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) amounting to USD 16,600 per year, per member/alternate; and (ii) IT-related expenses (laptops and software, printers) amounting to USD 2,500 per every two years per member/alternate.
 - (p) 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 (Programme Support Costs).
 - (q) Expenditure includes obligations.
7. Column (d) in table 2 shows the rate of expenditure, as a percentage of the total 2015 budget for each cost category. The linear rate of expenditure for the first three months of 2016 is 24.9 per cent.
8. Consultants' costs amount to 14.1 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.9 per cent). Most consultancies in the management plan are being taken on board during quarters two and three, and expenditure is therefore expected to align with the original projections as the year progresses.
9. Expert fees amount to 2.5 per cent of the 2016 budget for this object of expenditure, which is significantly lower than the linear rate of expenditure (24.9 per cent). This is because the total number of meetings of the regulatory bodies and their supporting panels and working groups during the calendar year is not equally distributed across the quarters of the year. Expenditure is expected to align with the original projections, as the year progresses.

10. Travel of DNA representatives had no expenditure under the reporting period. Expenditure is expected to align with the original projections, as the year progresses, after the DNA Global Forum takes place.
11. Travel of EB representatives amounts to 16.6 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.9 per cent). This is because the total number of meetings of the regulatory body during the calendar year is not equally distributed across the quarters of the year. Expenditure is expected to align with the original projections, as the year progresses.
12. Travel of staff amounts to 15.1 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.9 per cent). This reflects the lower number of meetings held outside of Bonn during the reporting period. Expenditure is expected to align with the original projections, as the year progresses.
13. Operating expenses amount to 12.6 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.9 per cent). This is because the total number of meetings of the regulatory bodies and their supporting panels and working groups during the calendar year is not equally distributed across the quarters of the year. Expenditure is expected to align with the original projections, as the year progresses.
14. The engagement agreement for ICT amounts to 12.3 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.9 per cent). Planned work is expected to begin only in quarters two, three and four, and expenditure is therefore expected to align with the original projections as the year progresses.
15. Mobile communications had no expenditure under the reporting period. This is because invoices relating to this expenditure item have been received, but not yet recorded due to changes in the handling of transactions by the central Administrative Services. Expenditure is expected to align with the linear rate as the year progresses.
16. Supplies and materials amount to 29.9 per cent of the 2016 budget for this object of expenditure, which is higher than the linear rate of expenditure (24.9 per cent). The higher rate of expenditure reflects the subscription commitments that extend to year end. Expenditure is expected to align with the linear rate as the year progresses.
17. The expenditure for EB grants amounts to 95.5 per cent of the 2016 budget for this object of expenditure, which is significantly higher than the linear rate of expenditure (24.9 per cent). This is due to the fact that almost all of the 2016 grant requests have been processed in the system, and funds have been fully committed against this item of expenditure.

1.3. Summary of financial position

18. Table 3 below shows the balance of the CDM Trust Fund as at 31 March 2016. The expenditure of USD 4.8 million stated in table 2 exceeds the income for the period ending 31 March 2016 (table 1) of USD 0.7 million, resulting in a deficit of USD 4.1 million.
19. Table 4 below shows the income and expenditure trend April 2015–March 2016.

Table 3. Available balance as at 31 March 2016 (in United States dollars)

Carry-over figure from 2015 (A)	112 273 902
Status of funds for the period Jan – Mar 2016	
Income received	692 326
Less: Expenditure	4 787 527
Total surplus/(deficit) (B)	- 4 095 201
Balance available at 31 March 2016 (A+B)	108 178 701

Note: USD 45 million held in reserve (see EB forty-fifth meeting report (2009)) is not included in the above figures.

Table 4. Income and expenditure trend April 2015–March 2016 (in United States dollars)

	2nd quarter 2015	3rd quarter 2015	4th quarter 2015	1st quarter 2016
Income	3 473 295	1 950 662	3 726 129	692 326
Expenditure	6 220 878	7 277 582	5 673 468	4 787 527
Income minus expenditure	- 2 747 583	- 5 326 920	- 1 947 339	- 4 095 201

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	28 April 2016	Initial publication.
Decision Class: Operational		
Document Type: Information note		
Business Function: Governance		
Keywords: budget, EB, reporting procedures		