

CDM-2016Q3-INFO01

Quarterly report

Financial resources

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TABLE OF CONTENTS	Page
1. STATUS OF INCOME AND EXPENDITURE TO SUPPORT CDM ACTIVITIES FROM 1 JANUARY TO 30 SEPTEMBER 2016.....	3
1.1. Income	3
1.1.1. Registration fees and shares of proceeds	5
1.2. Expenditure.....	6
1.3. Summary of financial position.....	8

1. Status of income and expenditure to support CDM activities from 1 January to 30 September 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 30 September 2016.

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

Carry-over figure from 2015 (A) ^(a)	109 382 561
Income received in 2016^(b)	
Accreditation fees	172 500
Fees from the accreditation process	27 412
Registration fees ^(c)	1 856 997
Methodology fees ^(d)	2 000
Share of proceeds (SOP) ^(e)	6 356 288
Sub-total – Income (B)	8 415 197
Current balance of 2015 carry-over and 2016 income (A + B)	117 797 759

Note: USD 45 million held in reserve (see EB 45 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 7, section 3.1.1, of the 2016 Q2 Status of CDM MAP 2016 implementation (CDM-EB90-AA-A08). The difference is due to transactions processed between the date of issuance of the Q3 report and the closure of the 2015 accounts. The 2015 accounts are now closed.

^(b) Includes the 2015 deferred income of USD 1,512,837 that is processed in Jun

^(c) 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.

^(d) 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.

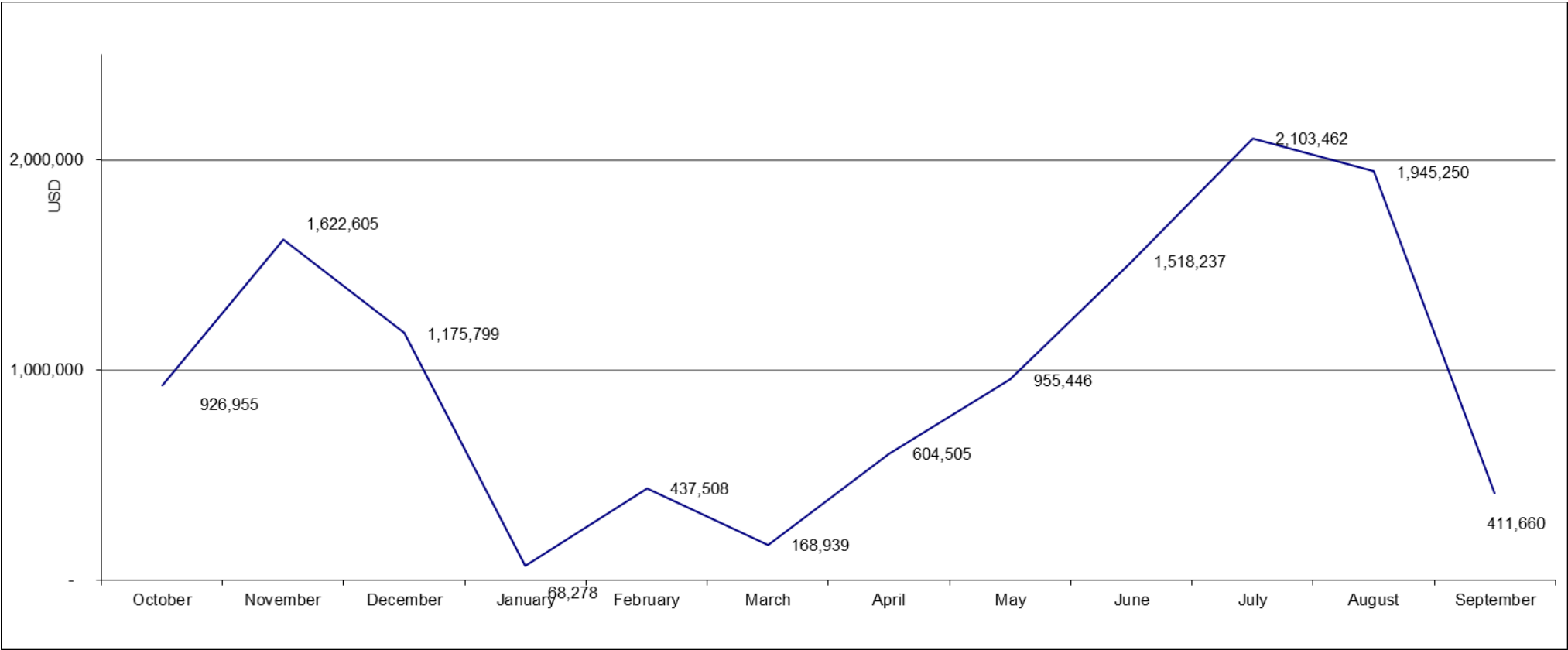
^(e) The share of proceeds, payable at the time of issuance of CERs, is USD 0.10 per CER issued for the first 15,000 CERs for which issuance is requested in a given calendar year, and USD 0.20 per CER issued for amounts in excess of 15,000 CERs.

2. The total fees received as at 30 September 2016 amounted to USD 8.4 million (table 1). A conservative zero projected income for 2016–2017 was included in the CDM two-year business plan 2016–2017.¹
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 35.6 million. The secretariat has already performed all related tasks with the exception of forwarding for the corresponding projects. Under the current CDM rules, secretariat resources 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 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 257 thousand.

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 October 2015 to 30 September 2016 (12-month period)



Note: Jun 2016 income includes the 2015 deferred income

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 2016 (in United States dollars)

UN Object of Expenditure	Budget 2016 a	Expenditure (Jan–Sep 16) b ^(q)	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) d
Staff ^(a)	10 170 000	7 412 869	2 757 131	72.9%
Consultants ^(b)	730 900	256 938	473 962	35.2%
Expert fees ^(c)	288 100	120 909	167 191	42.0%
Expert travel ^(d)	260 700	195 774	64 926	75.1%
Travel of representatives – DNAs ^(e)	589 800	151 982	437 818	25.8%
Travel of representatives – EB ^(f)	428 000	411 147	16 853	96.1%
Travel of staff ^(g)	291 300	295 616	- 4 316	101.5%
Training ^(h)	20 000	16 986	3 014	84.9%
Operating expenses ⁽ⁱ⁾	691 000	429 474	261 526	62.2%
RCC operations ^(j)	660 000	316 482	343 518	48.0%
Total Cost of Ownership^(k)	1 550 000	1 123 907	426 093	72.5%
Engagement agreement (ICT) ^(l)	1 203 000	533 243	669 757	44.3%
Mobile communications ^(m)	18 800	7 291	11 509	38.8%
Supplies and material ⁽ⁿ⁾	100 600	52 440	48 160	52.1%
Grants (EB) ^(o)	376 500	362 665	13 835	96.3%
Subtotal	17 378 700	11 687 723	5 690 977	67.3%
13% Programme support ^(p)	2 239 731	1 519 404	720 327	
Total	19 618 431	13 207 126	6 411 305	

(a) Staff costs include Staff, 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 representatives 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 MSA costs, the RCC Global Forum and the RCC Roundtable.
 - (k) Total Cost of Ownership (TCO) – Service programmes in the secretariat (Information Technology Services (ITS), 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 Technology Services) – 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 (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); and (ii) IT-related expenses (laptops and software, printers).
 - (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 nine months of 2016 is 74.9 per cent.
 8. Consultants' costs amount to 35.2 per cent of the 2016 budget for this object of expenditure, which is significantly lower than the linear rate of expenditure (74.9 per cent). This is due to lower than projected consultancy fees for the consultants taken on board during quarters two and three and the use of staff resources, instead of a consultant, for quality management work.
 9. Expert fees amount to 42 per cent of the 2016 budget for this object of expenditure, which is significantly lower than the linear rate of expenditure (74.9 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 more closely align with the original projections as the year progresses.
 10. Travel of DNA representatives amounts to 25.8 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent).

Expenditure is expected to align with the original projections, after the DNA Global Forum takes place in November 2016.

11. Travel of EB representatives amounts to 96.1 per cent of the 2016 budget for this object of expenditure, which is higher than the linear rate of expenditure (74.9 per cent). Almost all commitments related to EB meetings have been processed and thus, expenditure is expected to align with the original projections by year end.
12. Travel of staff amounts to 101.5 per cent of the 2016 budget for this object of expenditure, which is higher than the linear rate of expenditure (74.9 per cent). Travel related to entity assessments (USD 28K), is included in this figure, which is expected to be recovered from the entities by year end.
13. Operating expenses amount to 62.2 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 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 ITS amounts to 44.3 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). ITS work in quarter four will consume a large portion of the available budget and expenditure is, therefore, expected to align more closely with the original projections by year end.
15. Mobile communications amount to 38.8 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). Expenditure is expected to align with the linear rate as the year progresses, due to a number of meetings outside of Bonn during the month of November.
16. Supplies and materials amount to 52.1 per cent of the 2016 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). The expenditure is expected to more closely align with the linear rate as the year progresses, due to end of year subscription renewals that will be processed.
17. The expenditure for EB grants amounts to 96.3 per cent of the 2016 budget for this object of expenditure, which is higher than the linear rate of expenditure (74.9 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 30 September 2016. The expenditure of USD 13.2 million stated in table 2 exceed the income for the period ending 30 September 2016 (table 1) of USD 8.4 million, resulting in a deficit of USD 4.8 million.

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 – Sep 2016	
Income received	8 415 197
Less: Expenditure	13 207 126

Total surplus/(deficit) (B)	- 4 791 929
Balance available at 30 September 2016 (A+B)	107 481 973

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

Table 4. Income and expenditure trend October 2015–September 2016

	4th quarter 2015	1st quarter 2016	2nd quarter 2016	3rd quarter 2016
Income	3 726 129	692 326	3 077 172	4 645 700
Expenditure	5 673 468	4 787 527	3 833 375	4 586 225
Income minus expenditure	- 1 947 339	-4 095 201	- 756 203	59 475

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