

CDM-2016Q4-INFO01

Quarterly report

Financial resources

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1. Status of income and expenditure to support CDM activities from 1 January to 31 December 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 December 2016.

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

Carry-over figure from 2015 (A)	109 382 561
Income received in 2016^(a)	
Accreditation fees	180 000
Fees from the accreditation process	110 047
Registration fees ^(b)	2 006 896
Methodology fees ^(c)	2 000
Share of proceeds (SOP) ^(d)	10 014 822
Sub-total – Income (B)	12 313 765
Current balance of 2015 carry-over and 2016 income (A + B)	121 696 326

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

^(a) Includes the 2015 deferred income of USD 1,512,837

^(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 December 2016 amounted to USD 12.3 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

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

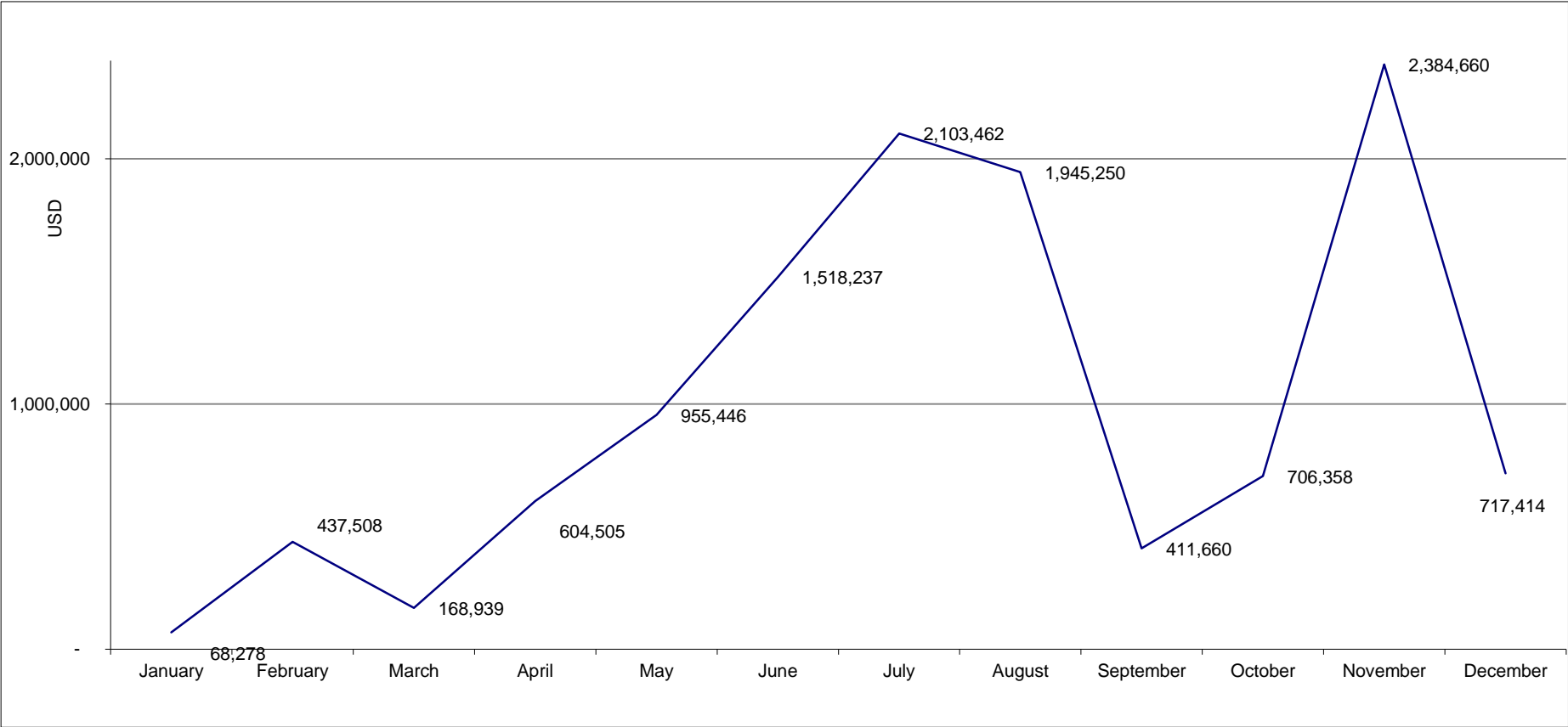
has already performed all related tasks with the exception of forwarding for the corresponding projects. Under the current CDM rules, secretariat resources invested in CDM projects that do not complete the forwarding stage of the cycle cannot be recovered. Under the prevailing market conditions, the 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 2016 amounted to USD 11.5 million. Carry over from 2015, reported in table 1, includes interest income of USD 9.9 million received by 31 December 2015. 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.

1.1.1. 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 January 2016 to 31 December 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 31 December 2016 (in United States dollars)

UN Object of Expenditure	Budget 2016 a	Expenditure (Jan–Dec 16) b ^(q)	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) d
Staff ^(a)	10 170 000	9,841,092	328,908	96.8
Consultants ^(b)	730 900	479 460	251 440	65.6
Expert fees ^(c)	288 100	181 375	106 725	63.0
Expert travel ^(d)	260 700	203 892	56 808	78.2
Travel of representatives – DNAs ^(e)	589 800	274 534	315 266	46.5
Travel of representatives – EB ^(f)	428 000	421 314	6 686	98.4
Travel of staff ^(g)	291 300	379 851	- 88 551	130.4
Training ^(h)	20 000	19 373	627	96.9
Operating expenses ⁽ⁱ⁾	691 000	717 025	- 26 025	103.8
RCC operations ^(j)	660 000	650 739	9 261	98.6
Total Cost of Ownership ^(k)	1 550 000	1 486 588	63 412	95.9
Engagement agreement (ICT) ^(l)	1 203 000	1 187 735	15 265	98.7
Mobile communications ^(m)	18 800	18 494	306	98.4
Supplies and material ⁽ⁿ⁾	100 600	65 573	35 027	65.2
Grants (EB) ^(o)	376 500	311 282	65 218	82.7
Subtotal	17 378 700	16,238,327	1,140,373	93.4
13% Programme support ^(p)	2 239 731	2 110 983	128 748	
Total	19 618 431	18,349,310	1,269,121	

- (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. At the time of publishing this report, the financial year is not yet closed and further transactions are expected.
7. At the time of preparing this report, the 2016 accounts are not final. Column (d) in table 2 shows the rate of expenditure as a percentage of the total 2016 budget for each cost category. The linear rate of expenditure for the 12 months of 2016 is 100 per cent.
8. Consultants' costs amount to 65.6 per cent of the projected 2016 budget for this object of expenditure. The overall under expenditure reflects a lower level of editor costs, and skills development and training costs required in 2016, in comparison to what was budgeted.

9. Expert fees costs amount to 63 per cent of the projected 2016 budget for this object of expenditure. The overall under expenditure reflects a lower level of case work required in 2016, in comparison to what was budgeted.
10. Expert travel costs amount to 78.2 per cent of the projected 2016 budget for this object of expenditure. The overall under expenditure reflects the use of a budget calculation method which provides a lump sum per member, regardless of from where the individuals, serving on the panels and working groups, actually travel.
11. Travel of DNA representatives' costs amount to 46.5 per cent of the projected 2016 budget for this object of expenditure. The overall under expenditure reflects the use of a budget calculation method which provides a lump sum per representative travel, regardless of from where the individuals actually travel. Additionally, less representatives attended the events than planned for.
12. Travel of staff costs amount to 130.4 per cent of the projected 2016 budget for this object of expenditure. The over expenditure reflects travel related to entity assessments (USD 63K), which are still be recovered from entities and, in addition, a small under-estimation of travel costs of staff to support the meeting of the Executive Board outside of Bonn.
13. Supplies and materials costs amount to 65.2 per cent of the projected 2016 budget for this object of expenditure. The overall under expenditure reflects a lower volume of printing of materials than estimated during the 2016 budget year.

1.3. Summary of financial position

14. Table 3 below shows the balance of the CDM Trust Fund as at 31 December 2016. The expenditure of USD 18.3 million stated in table 2 exceed the income for the period ending 31 December 2016 of USD 12.3 million (table 1), resulting in a deficit of USD 6 million.

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

Carry-over figure from 2015 (A)	109 382 561
Status of funds for the period Jan – Dec 2016	
Income received	12 313 765
Less: Expenditure	18 349 310
Total surplus/(deficit) (B)	- 6 035 545
Balance available at 31 December 2016 (A+B)	103 347 016

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

Table 4. Income and expenditure trend January 2016–December 2016

	1st quarter 2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
Income	692 326	3 077 172	4 645 700	3 898 567
Expenditure	4 787 527	3 833 375	4 586 225	5 142 183
Income minus expenditure	-4 095 201	- 756 203	59 475	-1 243 616

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