

CDM-2017Q1-INFO01

Quarterly report

Financial resources

First Quarter, 2017

Version 01.0



United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS		Page
1.	STATUS OF INCOME AND EXPENDITURE TO SUPPORT CDM ACTIVITIES FROM 1 JANUARY TO 31 MARCH 2017	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	9

1. Status of income and expenditure to support CDM activities from 1 January to 31 March 2017

1.1. Income

1. Table 1 below shows the balance brought forward from 2016 and the income received in the period 1 January to 31 March 2017.

Table 1. Income received in 2017, including carry-over from 2016 (in USD)

Carry-over from 2016 (A) ^(a)	102 343 539
Income received in 2017	
Accreditation fees	15 000
Fees from the accreditation process	58 326
Registration fees ^(b)	69 553
Methodology fees ^(c)	—
Share of proceeds ^(d)	2 187 256
Sub-total – Income (B)	2 330 136
Current balance of 2016 carry-over and 2017 income (A + B)	104 673 675

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 2016 documented in table 3, section 1.3, of the 2016 Q4 financial report (CDM-2016Q4-INFO01). The difference is due to transactions processed between the date of issuance of the Q4 report and the closure of the 2016 accounts.

^(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 2017 amounted to USD 2.3 million (table 1). The projected income for 2016–2017 of USD 9.0 million was included in the CDM 2017 management plan.¹ Income received represents 25.5 per cent of the projected income and is in line with the linear rate for the three months of 2017 of 25 per cent.

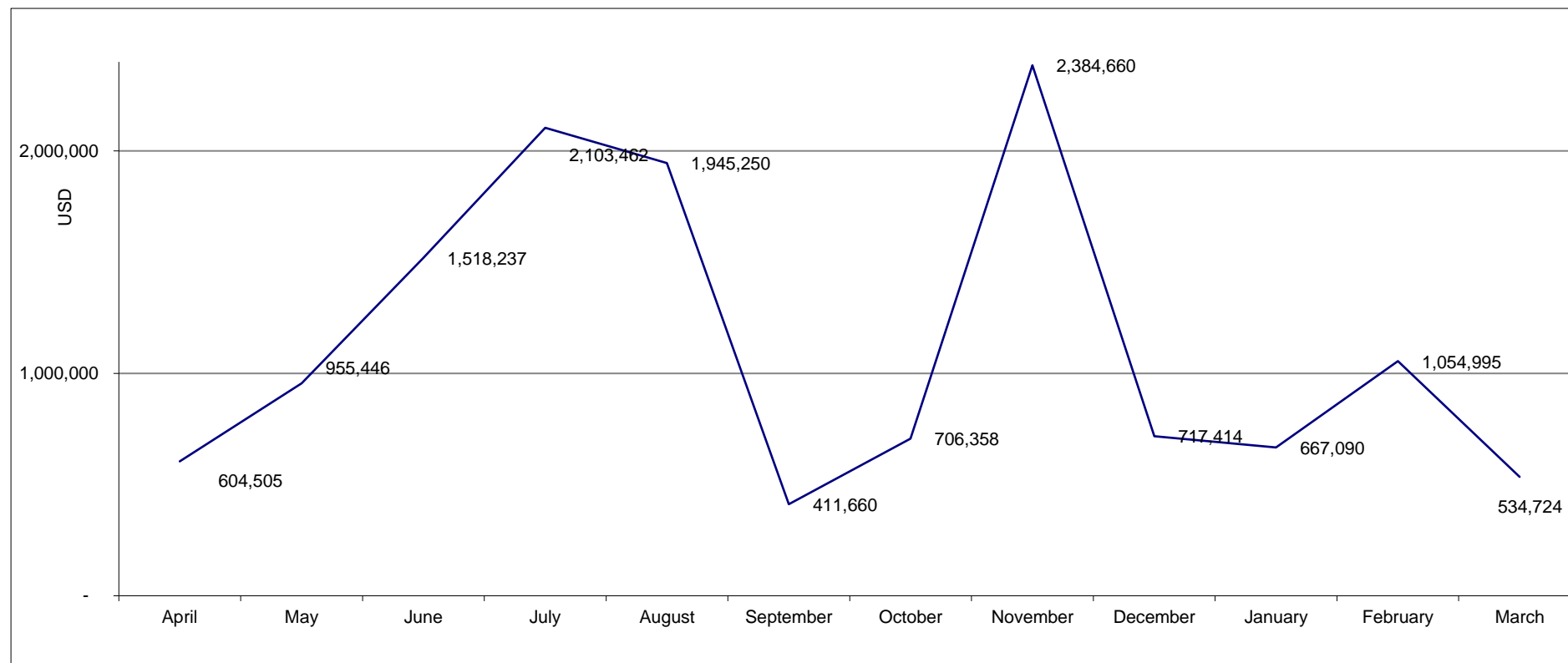
¹ As per the CDM management plan 2017 (CDM-EB92-A01-INFO, table 10).

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 48.1 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 2017.
4. The total interest accrued in the CDM Trust Fund from prior years to the end of 2016 amounted to USD 11.5 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. The 2017 budget related to the administration of the loan scheme amounts to USD 201,000.

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 April 2016 to 31 March 2017 (12-month period)



Note: June 2016 income includes the 2015 deferred income.

1.2. Expenditure

6. Table 2 below 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 2017 (in USD)

UN Object of Expenditure	Budget 2017 a	Expenditure (Jan–Mar 17) b ^(q)	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) d
Staff ^(a)	10 400 000	2 400 296	7 999 704	23.1
Consultants ^(b)	614 500	65 219	549 281	10.6
Expert fees ^(c)	316 200	23 142	293 058	7.3
Expert travel ^(d)	225 000	52 268	172 732	23.2
Travel of representatives – DNAs ^(e)	400 800	6 286	394 514	1.6
Travel of representatives – EB ^(f)	513 760	158 990	354 770	30.9
Travel of staff ^(g)	357 800	60 295	297 505	16.9
Training ^(h)	20 000	6 183	13 817	30.9
Operating expenses ⁽ⁱ⁾	781 000	31 625	749 375	4.0
RCC operations ^(j)	588 400	227 870	360 530	38.7
Total Cost of Ownership ^(k)	1 535 000	556 590	978 410	36.3
Engagement agreement (ICT) ^(l)	1 118 072	274 274	843 798	24.5
Mobile communications ^(m)	18 800	2 396	16 404	12.7
Supplies and material ⁽ⁿ⁾	81 300	43 007	38 293	52.9
Grants (EB) ^(o)	376 500	301 300	75 200	80.0
Subtotal	17 347 132	4 209 741	13 137 391	24.3
13% Programme support ^(p)	2 255 127	547 266	1 707 861	
Total	19 602 259	4 757 007	14 845 252	

- (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.
 - (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, normally associated with meetings of regulatory bodies and their panels and working groups.
 - (j) Regional Collaboration Centre (RCC) operation costs include costs relating to administering the RCCs and RCC staff missions, including travel and mission subsistence allowance 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 2017, the TCO charge per capita of EUR 15,144 is applied.
 - (l) Engagement agreement (ICT) includes IT costs related to support the CDM management 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).
 - (m) Mobile communications are official mobile telephone charges for mobile phone services and do not include the charges incurred on the regular office telephones (those are covered through TCO).
 - (n) Supplies and material include the 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) Programme support – 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.
 - (q) Expenditure includes obligations.
7. Column (d) in table 2 shows the rate of expenditure as a percentage of the total 2017 budget for each cost category. The linear rate of expenditure for the first three months of 2017 is 24.7 per cent.
8. Consultants' costs amount to 10.6 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.7 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 costs amount to 7.3 per cent of the projected 2017 budget for this object of expenditure, which is significantly lower than the linear rate of expenditure (24.7 per cent). The under-expenditure reflects the fact that the expert fees for the seventy-second meeting of the Methodologies Panel and the fifty-third meeting of the Small Scale Working Group (both held in March 2017) were only posted in April 2017 and will be reflected in the next quarterly report. Taking into account the April transactions, the expenditure would be in line with the original projections.
10. Travel of DNA representatives' costs amount to 1.6 per cent of the projected 2017 budget for this object of expenditure. This expenditure reflects the processing of late claims related to the 2016 DNA forum. Expenditure relating to the 2017 DNA Global Forum and regional activities with a specific focus on Africa, the least developed countries and small island developing states will occur in quarters two and three and will be reflected in future 2017 quarterly reports.
11. Travel of EB representatives' costs amount to 30.9 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (24.7 per cent). This reflects the inclusion of some travel expenditures already processed related to the Board meeting in May.
12. Travel of staff costs amount to 16.9 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.7 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. Training costs amount to 30.9 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (24.7 per cent). This reflects the training schedule in the approved training plan, for which more events were to occur in quarter one. Expenditure is expected to align with the original projections as the year progresses.
14. Operating costs amount to 4.0 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.7 per cent). This reflects the fact that 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.
15. RCC operations costs amount to 38.7 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (24.7 per cent). This reflects the fact that the planned expenditure is not equally distributed across the quarters of the year. Expenditure is expected to align with the original projections as the year progresses.
16. Total costs of ownership costs amount to 36.3 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (24.7 per cent). This reflects the fact that the planned expenditure is not equally distributed across the quarters of the year. Expenditure is expected to align with the original projections as the year progresses.

17. Mobile communications costs amount to 12.7 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (24.7 per cent). 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.
18. Supplies and materials costs amount to 52.9 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (24.7 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.
19. Grants costs amount to 80.0 per cent of the projected 2017 budget for this object of expenditure, which is significantly higher than the linear rate of expenditure (24.7 per cent). This is due to the fact that almost all of the 2017 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

20. Table 3 below shows the balance of the CDM Trust Fund as at 31 March 2017. The expenditure of USD 4.7 million stated in table 2 exceeds the income for the period ending 31 March 2017 of USD 2.3 million (table 1), resulting in a deficit of USD 2.4 million.
21. Table 4 below shows the income and expenditure trend April 2016–March 2017.

Table 3. Available balance as at 31 March 2017 (in USD)

Carry-over figure from 2016 (A)	102 343 539
Status of funds for the period Jan–Mar 2017	
Income	2 330 136
Income minus expenditure	4 757 007
Total surplus/(deficit) (B)	-2 426 871
Balance available as at 31 March 2017 (A+B)	99 916 668

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

Table 4. Income and expenditure trend April 2016–March 2017

	2nd quarter 2016	3rd quarter 2016	4th quarter 2016	1st quarter 2017
Income	3 077 172	4 645 700	3 898 567	2 330 136
Expenditure	3 833 375	4 586 225	5 142 183	4 757 007
Income minus expenditure	- 756 203	59 475	-1 243 616	-2 426 871

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	28 April 2017	Initial publication.

Decision Class: Operational
Document Type: Information note
Business Function: Governance
Keywords: EB, budget, reporting procedures
