

**CDM-2017Q3-INFO01**

## Quarterly report

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# Financial resources

Third 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 30 SEPTEMBER 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 30 September 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 30 September 2017.

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

<b>Carry-over from 2016 (A)</b>	<b>102 390 607</b>
<b>Income received in 2017</b>	
<b>Accreditation fees</b>	45 000
<b>Fees from the accreditation process</b>	145 274
<b>Registration fees <sup>(a)</sup></b>	248 683
<b>Methodology fees <sup>(b)</sup></b>	—
<b>Share of proceeds <sup>(c)</sup></b>	6 015 263
<b>Sub-total – Income (B)</b>	<b>6 454 220</b>
<b>Current balance of 2016 carry-over and 2017 income (A + B)</b>	<b>108 844 827</b>

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

<sup>(a)</sup> 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 a prepayment of the share of proceeds to cover administrative expenses;

<sup>(b)</sup> 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 prepayment of the share of proceeds.

<sup>(c)</sup> 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 each 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 2017 amounted to USD 6.5 million (see table 1). A projected income of USD 9.0 million for 2017 was included in the clean development mechanism (CDM) management plan (MAP) 2017.<sup>1</sup> Income received represents 72 per cent of the projected income and is slightly lower when compared to the linear rate for the nine months of 2017 (75 per cent). The total fees received during the same period in 2016 (January–September 2017), excluding the USD 1.5 million of 2015 deferred income, was USD 6.9 million.

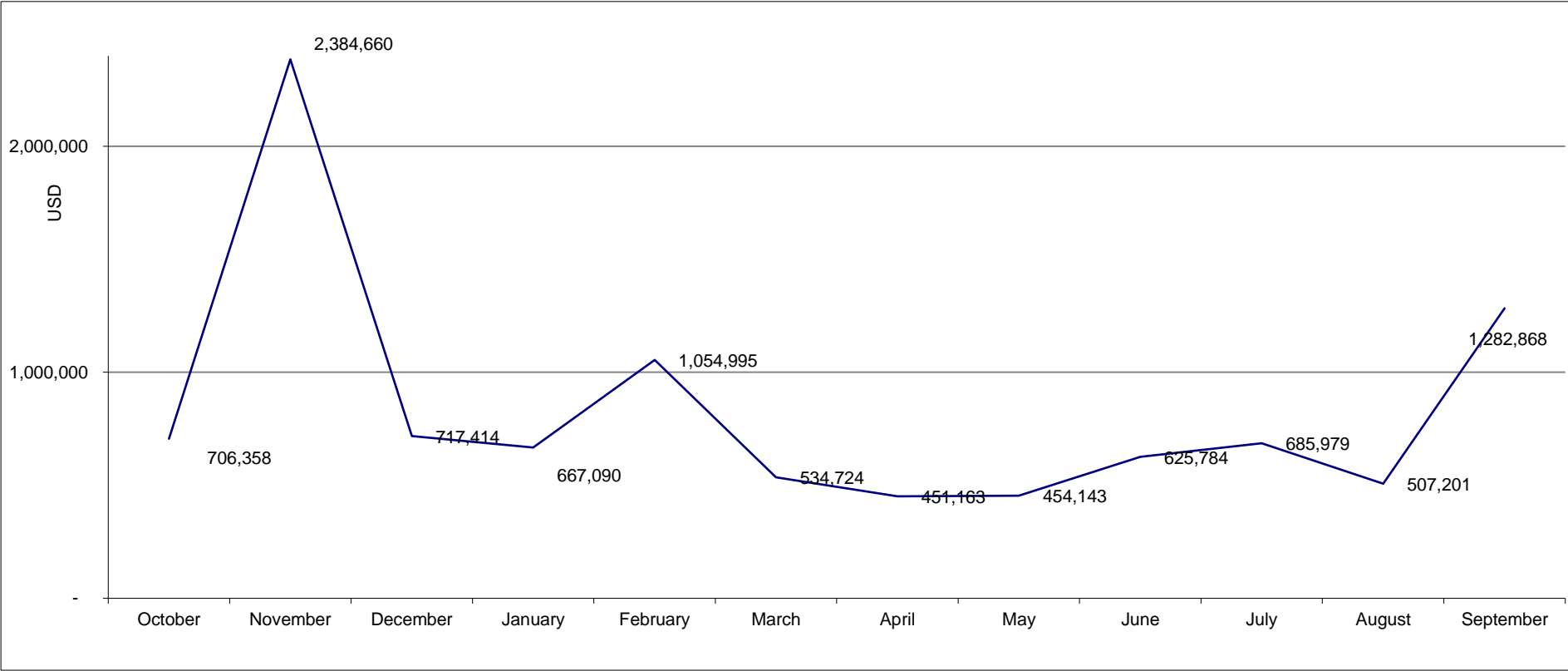
<sup>1</sup> As per the CDM management plan 2017 (CDM-EB92-A01-INFO, table 10).

3. Certified emission reductions (CERs) for which forwarding has not been requested remain in pending accounts. These CERs have a value in terms of fees of approximately USD 51.1 million. The secretariat has already performed all related tasks with the exception of forwarding for the corresponding projects. Under 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 year (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 earmarked to fund the CDM 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. The 2017 budget related to the administration of the CDM 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 October 2016 to 30 September 2017 (12-month period)**



## 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 30 September 2017 (in USD)**

UN Object of Expenditure	Budget 2017 a	Expenditure (Jan–Sep 17) b <sup>(a)</sup>	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) D
Staff <sup>(b)</sup>	10 400 000	7 987 053	2 412 947	76.8
Consultants <sup>(c)</sup>	614 500	274 539	339 961	44.7
Expert fees <sup>(d)</sup>	316 200	111 875	204 325	35.4
Expert travel <sup>(e)</sup>	225 000	191 156	33 844	85.0
Travel of representatives <sup>(f)</sup>	400 800	270 607	130 193	67.5
Travel of representatives – EB <sup>(g)</sup>	513 760	385 745	128 015	75.1
Travel of staff <sup>(h)</sup>	357 800	263 774	94 026	73.7
Training <sup>(i)</sup>	20 000	18 667	1 333	93.3
Operating expenses <sup>(j)</sup>	781 000	216 836	564 164	27.8
RCC operations <sup>(k)</sup>	588 400	440 464	147 936	74.9
Total Cost of Ownership <sup>(l)</sup>	1 535 000	1 428 059	106 941	93.0
Engagement agreement (ICT) <sup>(m)</sup>	1 118 072	917 563	200 509	82.1
Mobile communications <sup>(n)</sup>	18 800	4 386	14 414	23.3
Supplies and material <sup>(o)</sup>	81 300	48 125	33 175	59.2
Grants (EB) <sup>(p)</sup>	376 500	289 702	86 798	76.9
<b>Subtotal</b>	<b>17 347 132</b>	<b>12 848 552</b>	<b>4 498 580</b>	<b>74.1</b>
13% Programme support <sup>(q)</sup>	2 255 127	1 670 312	584 815	
<b>Total</b>	<b>19 602 259</b>	<b>14 518 864</b>	<b>5 083 396</b>	

- (a) Expenditure includes obligations.
  - (b) 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.
  - (c) Consultant costs include consultants and individual contractor fees and associated travel costs.
  - (d) Expert fees refer to panel and working group attendance fees and case fees.
  - (e) Expert travel refers to panel and working group members' ticket costs and daily subsistence allowance (DSA).
  - (f) Travel of representatives from designated national authorities (DNAs) includes participants' ticket costs and DSA.
  - (g) 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.
  - (h) Travel of staff includes ticket costs, DSA, terminal expenses and miscellaneous expenses.
  - (i) Training costs include staff attendance or course fees, ticket costs and DSA.
  - (j) 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.
  - (k) 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.
  - (l) 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.
  - (m) 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).
  - (n) 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).
  - (o) Supplies and material include the acquisition of hardware, supplies, software and subscriptions.
  - (p) 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).
  - (q) 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.
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 nine months of 2017 is 74.9 per cent.
8. Staff costs amount to 76.8 per cent of the 2017 budget for this object of expenditure, which is slightly higher than the linear rate of expenditure (74.9 per cent). For staff costs, expenditure is expected to be greater than what was projected in the 2017 budget. This is

due to the United Nations rule effective 1 January 2017 related to After Service Health Insurance (ASHI) for staff funded from voluntary contributions and funds such as the CDM Trust Fund. The report of the Secretary-General (A/68/353) estimates that ASHI is equivalent to nine per cent of gross salary plus post adjustment. This new accrual policy is being implemented in a phased manner by the United Nations, and the monthly accrual equivalent to three per cent of gross salary plus post adjustment is being applied through the payroll to all posts funded under the CDM Trust Fund. The CDM Trust Fund covers 87 posts. This additional charge was not taken into account when preparing the 2017 MAP.

9. Consultants' costs amount to 44.7 per cent of the 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). Consultants were taken on during quarters two and three, and expenditure is therefore expected to more closely align with the original projections in the final quarter of 2017.
10. Expert fees costs amount to 35.4 per cent of the 2017 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 supporting panels and working groups during the calendar year and the case work 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.
11. Expert travel costs amount to 85 per cent of the 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (74.9 per cent). This is because panel and working group members' ticket costs and daily subsistence allowance for meetings that will occur in the last quarter have already begun to be processed. Expenditure is expected to more closely align with the original projections as the year progresses.
12. Travel of representatives' costs amount to 67.5 per cent of the 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). This expenditure reflects the ongoing processing of claims related to the 2017 Global Designated National Authority (DNA) Forum taking place in October 2017. Expenditure relating to the 2017 Global DNA Forum will be reflected in the next report.
13. Training costs amount to 93.3 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (74.9 per cent). This reflects the approved training schedule, where all training was planned for during the first three quarters of 2017. Expenditure is expected to align with the original projections as the year progresses.
14. Operating costs amount to 27.8 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). This reflects the fact that the logistical costs associated with the regulatory body meetings, the Global DNA Forum and regional activities with a specific focus on Africa, least developed countries and small island developing States are not equally distributed across the quarters of the year. Expenditure is expected to more closely align with the original projections as the year progresses.
15. Total costs of ownership amount to 93.0 per cent of the projected 2017 budget for this object of expenditure, which is higher than the linear rate of expenditure (74.9 per cent). This reflects the fact that the planned expenditure 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.



16. Mobile communications costs amount to 23.3 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). This is because invoices have not yet been received and processed. Expenditure is expected to align with the linear rate as the year progresses.
17. Supplies and materials costs amount to 52.9 per cent of the projected 2017 budget for this object of expenditure, which is lower than the linear rate of expenditure (74.9 per cent). The lower rate of expenditure reflects the outstanding subscription renewal commitments. Expenditure is expected to align with the linear rate as the year progresses.

### 1.3. Summary of financial position

18. Table 3 below shows the balance of the CDM Trust Fund as at 30 September 2017. The expenditure of USD 14.5 million included in table 2 exceeds the income for the period ending 30 September 2017 of USD 6.5 million (see table 1), resulting in a deficit of USD 8 million.
19. Table 4 below shows the income and expenditure trend for October 2016–September 2017.

**Table 3. Available balance as at 30 September 2017 (in USD)**

<b>Carry-over figure from 2016 (A)</b>	<b>102 390 607</b>
<b>Status of funds for the period Jan–Sep 2017</b>	
Income	6 454 220
Expenditure	14 518 864
<b>Total surplus/(deficit) for the period Jan-Sep 2017 (B)</b>	<b>- 8 064 644</b>
<b>Balance available as at 30 September 2017 (A+B)</b>	<b>94 325 963</b>

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

**Table 4. Quarterly income and expenditure October 2016–September 2017**

	<b>4th quarter 2016</b>	<b>1st quarter 2017</b>	<b>2nd quarter 2017</b>	<b>3rd quarter 2017</b>
Income	3 898 567	2 330 136	1 583 967	2 540 117
Expenditure	5 142 183	4 757 007	3 651 232	6 110 625
Income minus expenditure	<b>-1 243 616</b>	<b>-2 426 871</b>	<b>-2 067 265</b>	<b>-3 570 508</b>

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**Document information**

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<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	26 October 2017	Initial publication.

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

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