

CDM-2017Q4-INFO01

Quarterly report

Financial resources

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1. Status of income and expenditure to support clean development mechanism activities from 1 January to 31 December 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 December 2017.

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

Carry-over from 2016 (A)	102 390 607
Income received in 2017	
Accreditation fees	75 000
Fees from the accreditation process	214 365
Registration fees ^(a)	376 520
Methodology fees ^(b)	—
Share of proceeds ^(c)	7 786 345
Sub-total – Income (B)	8 452 230
Current balance of 2016 carry-over and 2017 income (A + B)	110 842 837

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

^(a) 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.

^(b) 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.

^(c) 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 31 December 2017 amounted to USD 8.4 million (see table 1). A projected income of USD 9.0 million for 2017 was included in the clean development mechanism (CDM) management plan 2017.¹ Income received represents

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

93.9 per cent of the projected income. The total fees received in 2016 was USD 10.8 million.²

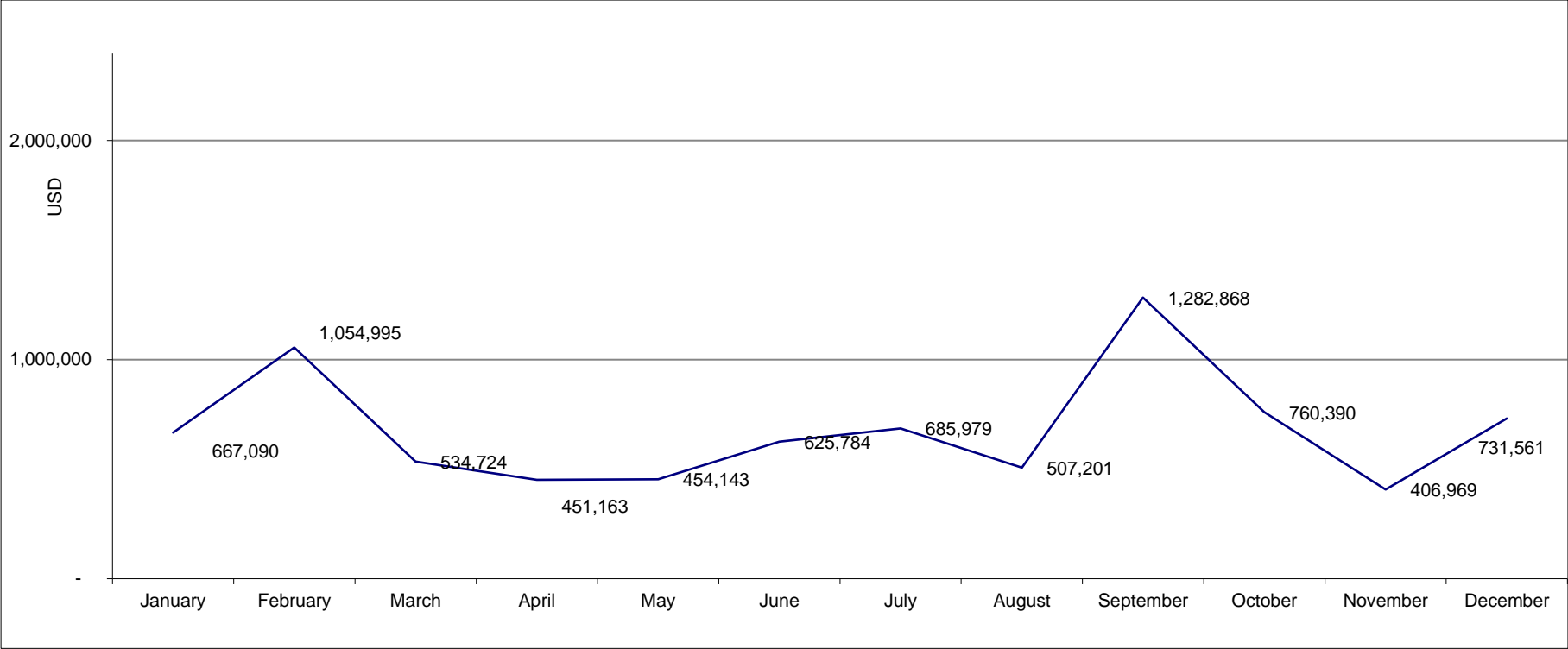
3. Certified emission reductions (CERs) for which forwarding has not been requested remain in pending accounts. These CERs have a value in terms of fees of approximately USD 56.1 million. The secretariat has already performed all related tasks with the exception of forwarding for the corresponding projects. 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 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.

² As per Quarterly Report – Financial resources. Fourth Quarter, 2016 (CDM-2016Q4-INFO01, table 1). The USD 10.8 million excludes the USD 1.5 million of 2015 deferred income.

1.1.1. Registration fees and share of proceeds

5. Figure 1 below provides a monthly overview of the income received.

Figure 1. Monthly registration fees and share of proceeds – 1 January 2017 to 31 December 2017 (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 December 2017 (in USD)

UN Object of Expenditure	Budget 2017 a	Expenditure (Jan–Dec 17) b ^(q)	Difference (a-b) c	% Rate Expenditure vs Budget (b/a) d
Staff ^(a)	10 400 000	10 307 041	92 959	99.1
Consultants ^(b)	614 500	358 132	256 368	58.3
Expert fees ^(c)	316 200	147 868	168 332	46.8
Expert travel ^(d)	225 000	186 667	38 333	83.0
Travel of representatives ^(e)	400 800	303 245	97 555	75.7
Travel of representatives – EB ^(f)	513 760	390 780	122 980	76.1
Travel of staff ^(g)	357 800	377 100	- 19 300	105.4
Training ^(h)	20 000	25 321	- 5 321	126.6
Operating expenses ⁽ⁱ⁾	781 000	353 072	427 928	45.2
RCC operations ^(j)	588 400	432 481	155 919	73.5
Total Cost of Ownership ^(k)	1 535 000	1 433 271	101 729	93.4
Engagement agreement (ICT) ^(l)	1 118 072	894 167	223 905	80.0
Mobile communications ^(m)	18 800	17 158	1 642	91.3
Supplies and material ⁽ⁿ⁾	81 300	55 296	26 004	68.0
Grants (EB) ^(o)	376 500	279 740	96 760	74.3
Subtotal	17 347 132	15 561 338	1 785 794	89.7
13% Programme support ^(p)	2 255 127	2 022 974	232 153	
Total	19 602 259	17 584 312	2 017 947	

^(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 consultant 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 Executive Board (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 their 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, 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 (Information and Communication Technology) includes information technology (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. At the time of preparing this report, the 2017 accounts were not final. 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 12 months of 2017 is 100 per cent.
8. Consultants' costs amount to 58.3 per cent of the 2017 budget for this object of expenditure. The under-expenditure reflects savings in consultancies planned for, but not utilized, in the areas of support to the EB, editing of official regulatory documents, on-site training, and improving the CDM for partnerships. This under-expenditure reflects the programme's efforts to ensure a flexible and full use of available staff expertise over

- consultants, as part of overall efforts to ensure effective and prudent management of staff resources.
9. Expert fees costs amount to 46.8 per cent of the 2017 budget for this object of expenditure. The overall under-expenditure reflects savings in experts planned for, but not utilized, in the areas of support to requests for reviews (registration, issuance), requests for project issuance, and support to panels and working groups during the calendar year. A merging of the Methodologies Panel (MP) and the Small-Scale working group (SSC WG), effective as at September 2017, resulted in savings due to a reduction in the number of experts in the combined panel and the number of meetings.
 10. Expert travel costs amount to 83.0 per cent of the 2017 budget for this object of expenditure. The under-expenditure reflects the reduction in travel costs linked to the use of experts described in paragraph 9 above.
 11. Travel of representatives' costs amount to 75.7 per cent of the 2017 budget for this object of expenditure. The under-expenditure reflects a forecast of 116 participants to attend the Global DNA Forum that took place in October 2017, against an actual of 80 participants in attendance.
 12. Travel of representatives (EB) costs amount to 76.1 per cent of the 2017 budget for this object of expenditure. The under-expenditure reflects a higher forecasted participation of EB member attendance at meetings than was the actual attendance.
 13. Travel of staff costs amount to 105.4 per cent of the 2017 budget for this object of expenditure. The slight over-expenditure reflects the difference between the forecasted versus actual travel costs.
 14. Training costs amount to 126.6 per cent of the projected 2017 budget for this object of expenditure. The over-expenditure (USD 5,000) reflects a decision to train staff through online training as a cheaper option rather than bringing training consultants on-site to carry out training. This is reflected in the under-expenditure under the consultants cost described in paragraph 8 above.
 15. Operating costs amount to 45.2 per cent of the projected 2017 budget for this object of expenditure. The under-expenditure reflects savings in logistical costs associated with the Global DNA Forum (fewer participants than forecasted), meetings of the panels and working groups (merging of MP and SSC WG), on-site training (online instead of on-site) and activities related to increasing the voluntary cancellation of CERs (fewer events than forecasted).
 16. RCC operations costs amount to 73.5 per cent of the projected 2017 budget for this object of expenditure. The level of under-expenditure reflects savings because of the use of alternative funding sources to support CDM work in the area of standardized baseline and project support. The figure is subject to change, as the RCC host partners final accounting data will not be submitted until the end of March 2018.
 17. Engagement agreement (ICT) costs amount to 80.0 per cent of the projected 2017 budget for this object of expenditure. The under-expenditure reflects savings from a 2016 commitment to an IT system (document management) under the IT Framework Agreement.

18. Supplies and materials costs amount to 68.0 per cent of the projected 2017 budget for this object of expenditure. The overall under-expenditure reflects savings related to a reduced number of meetings and events (see paragraph 15 above).
19. Grants (EB) costs amount to 74.3 per cent of the projected 2017 budget for this object of expenditure. The under-expenditure reflects the CDM Executive Board efforts in 2017 to prudently manage the entitlements for grants to members and alternate members of the Board.

1.3. Summary of financial position

20. Table 3 below shows the balance of the CDM Trust Fund as at 31 December 2017. The expenditure of USD 17.6 million included in table 2 exceeds the income for the period ending 31 December 2017 of USD 8.4 million (see table 1), resulting in a deficit of USD 9.2 million.

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

Carry-over figure from 2016 (A)	102 390 607
Status of funds for the period Jan–Dec 2017	
Income received	8 452 230
Less: Expenditure	17 584 312
Total surplus/(deficit) (B)	- 9 132 082
Balance available as at 31 December 2017 (A+B)	93 258 525

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

21. Table 4 below shows the income and expenditure trend for January 2017–December 2017.

Table 4. Quarterly income and expenditure January 2017– December 2017

	1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017
Income	2 330 136	1 583 967	2 540 117	1 998 010
Expenditure	4 757 007	3 651 232	6 110 625	3 065 448
Income minus expenditure	-2 426 871	-2 067 265	-3 570 508	-1 067 438

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