

CDM-2018Q1-INFO01

Quarterly report

Financial resources

First Quarter, 2018

Version 01.0



United Nations
Framework Convention on
Climate Change

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1. Status of income and expenditure to support clean development mechanism activities from 1 January to 31 March 2018

1.1. Income

1. Table 1 below shows the balance brought forward from 2017 and the income received in the period 1 January to 31 March 2018.

Table 1. Income received in 2018, including carry-over from 2017 (in United States dollars)

Carry-over from 2017* (A)	94 526 509
Income received in 2018	
Accreditation fees	45 000
Fees from the accreditation process	19 480
Registration fees ^(a)	51 117
Methodology fees ^(b)	—
Share of proceeds ^(c)	2 164 202
Sub-total – Income 1 Jan–31 Mar 2018 (B)	2 279 799
Current balance of 2017 carry-over and 2018 income (A + B)	96 806 308

* Financial Year 2017 not closed yet; this figure may change.

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 March 2018 amounted to USD 2.3 million (see table 1). A projected income of USD 9.0 million for 2018 was included in the clean development mechanism (CDM) management plan for 2018–2019.¹ Income received represents 25.3 per cent of the projected income, which is in line with the linear rate for the three months of 2018 of 25 per cent. The total fees received in 2017 was USD 8.5 million.²

¹ As per the CDM two-year business and management plan 2018-2019 (CDM-EB97-A01-INFO, table 12).

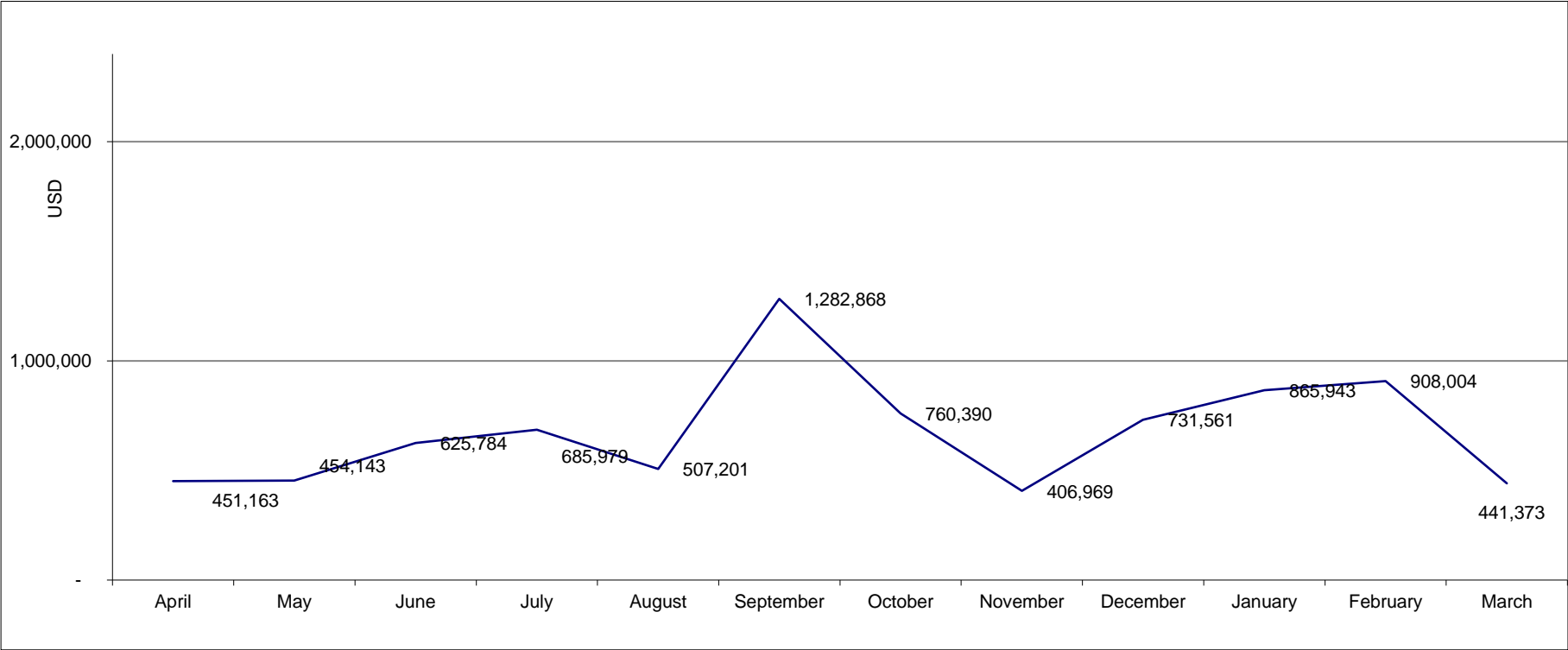
² As per Quarterly Report – Financial resources. Fourth Quarter, 2017 (CDM-2017Q4-INFO01, table 1).

3. Certified emission reductions (CERs) for which forwarding has not been requested remain in the pending account of the CDM registry. The secretariat has already performed all related tasks (with the exception of forwarding) for the corresponding project issuances. The corresponding share of proceeds amounts to approximately USD 61.6 million. New rules were approved by the Executive Board of the CDM (hereinafter referred to as the Board) in 2017, which might enable a portion of this amount to be recovered and will prevent it from growing further. The new rules enable the partial payment of the share of proceeds for already approved issuances (applicable since 1 January 2018) and require the payment of the share of proceeds prior to the processing of the request for issuance for future issuances (applicable from 1 June 2018).
4. The total interest accrued in the CDM Trust Fund from prior years to the end of 2017 amounted to USD 13.2 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 2018 budget related to the administration of the CDM Loan Scheme amounts to USD 328,818.

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 April 2017 to 31 March 2018 (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 March 2018 (in United States dollars)

Expense classes	Budget 2018 a	Expenditure (Jan–Mar 18) b ^(q)	Difference (a-b) c	% Rate expenditure vs. budget (b/a) d
Staff ^(a)	10 801 200	2 473 900	8 327 300	22.9
Consultants ^(b)	424 700	87 952	336 748	20.7
Expert fees ^(c)	218 200	10 600	207 600	4.9
Expert travel ^(d)	206 400	54 926	151 474	26.6
Travel of representatives ^(e)	450 800	59 243	391 557	13.1
Travel of representatives – Executive Board (EB) ^(f)	420 500	161 557	258 943	38.4
Travel of staff ^(g)	362 100	132 468	229 632	36.6
Training ^(h)	20 000	6 689	13 311	33.4
Operating expenses ⁽ⁱ⁾	684 700	102 503	582 197	15.0
RCC operations ^(j)	588 400	219 475	368 925	37.3
Total Cost of Ownership ^(k)	1 510 000	353 273	1 156 727	23.4
Engagement agreement (Information and Communication Technology) ^(l)	1 240 286	226 282	1 014 004	18.2
Mobile communication ^(m)	15 100	2 969	12 131	19.7
Supplies and material ⁽ⁿ⁾	77 500	54 287	23 213	70.0
Grants (EB) ^(o)	376 500	335 300	41 200	89.1
Subtotal	17 396 386	4 281 424	13 114 962	24.6
13% Programme support ^(p)	2 261 530	576 614	2 055 577	
Total	19 657 916	4 838 009	15 170 539	

- (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. It also includes a late charge related to staff restructuring of USD 154,000.
 - (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 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 2018, the TCO charge per capita of EUR 13,950 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. Column (d) in table 2 shows the rate of expenditure as a percentage of the total 2018 budget for each cost category. The linear rate of expenditure for the three months of 2017 is 25 per cent.

8. Consultant costs amount to 20.7 per cent of the 2018 budget for this object of expenditure, which is significantly lower than the linear rate of expenditure (25 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 amount to 4.9 per cent of the 2018 budget for this object of expenditure, which is significantly lower than the linear rate of expenditure (25 per cent). This is due to the fact that the payment for the Methodologies Panel meeting and some review cases were processed in Q2. The expenditure is expected to align with the original projections as the year progresses.
10. Costs for the travel of representatives amount to 13.1 per cent of the 2018 budget for this object of expenditure, which is lower than the linear rate of expenditure (25 per cent). Expenditure relating to the 2018 DNA Global Forum and regional activities will occur in quarters two and three and will be reflected in future 2018 quarterly reports.
11. Costs for the travel of representatives (EB) amount to 38.4 per cent of the 2018 budget for this object of expenditure, which is higher than the linear rate of expenditure (25 per cent). This reflects the inclusion of some travel expenditures already processed that relate to the Board meeting in April 2018.
12. Costs for travel of staff amount to 36.6 per cent of the 2018 budget for this object of expenditure, which is higher than the linear rate of expenditure (25 per cent). The over-expenditure reflects travel related to entity assessments (USD 59,000), which still needs to be recovered from entities. If we do not include this recoverable amount, the travel costs are USD 74,000, which amounts to 20.4 percent of 2018 budget.
13. Training costs amount to 33.4 per cent of the projected 2018 budget for this object of expenditure, which is higher than the linear rate of expenditure (25 per cent). This reflects the training schedule in the approved training plan, which scheduled more events in quarter one. Expenditure is expected to align with the original projections as the year progresses.
14. Operating costs amount to 15.0 per cent of the projected 2018 budget for this object of expenditure, which is lower than the linear rate of expenditure (25 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. Costs for the operation of the Regional Collaboration Centres amount to 37.3 per cent of the projected 2018 budget for this object of expenditure, which is higher than the linear rate of expenditure (25 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.

Information and communication technology (ICT) engagement agreement costs amount to 18.2 per cent of the projected 2018 budget for this object of expenditure, which is lower than the linear rate of expenditure (25 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. Mobile communication costs amount to 19.7 per cent of the projected 2018 budget for this object of expenditure, which is lower than the linear rate of expenditure (25 per cent). This is because not all invoices relating to this expenditure item have been received. Expenditure is expected to align with the linear rate as the year progresses.
17. Supplies and materials costs amount to 70.0 per cent of the projected 2018 budget for this object of expenditure, which is higher than the linear rate of expenditure (25 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.
18. Grants (EB) costs amount to 89.1 per cent of the projected 2018 budget for this object of expenditure, which is significantly higher than the linear rate of expenditure (25 per cent). This is due to the fact that almost all of the 2018 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

19. Table 3 below shows the balance of the CDM Trust Fund as at 31 March 2018. The expenditure of USD 4.8 million included in table 2 exceeds the income for the period ending 31 March 2018 of USD 2.3 million (see table 1), resulting in a deficit of USD 2.5 million.

Table 3. Available balance as at 31 March 2018 (in United States dollars)

Carry-over figure from 2017 (A)	94 526 509
Status of funds for the period Jan–Dec 2017	
Income received	2 279 799
Less: Expenditure	4 838 009
Total surplus/(deficit) (B)	- 2 558 210
Balance available as at 31 March 2018 (A+B)	91 968 299

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

20. Table 4 below shows the income and expenditure trend for April 2017– March 2018.

Table 4. Quarterly income and expenditure April 2017– March 2018

	2nd quarter 2017	3rd quarter 2017	4th quarter 2017	1st quarter 2018
Income	1 583 967	2 540 117	1 998 010	2 279 799
Expenditure	3 651 232	6 110 625	3 065 448	4 838 009
Income minus expenditure	-2 067 265	-3 570 508	-1 067 438	-2 558 210

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	25 April 2018	Initial publication.

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