

CMP 20 agenda item 05

Matters relating to the clean development mechanism

Presentation on CMP agenda item 05



- SBSTA 62 requested the secretariat to provide an update, on the status of funds available in the trust fund for the clean development mechanism and an assessment for the costs and available resources associated with the different end dates included in the draft decision text agreed at SBSTA 62.

Projected year-end balances of the trust fund for the clean development mechanism with early closure timelines scenario

In millions					
<i>Last CER issuance request</i>	<i>Year in which CDM operations cease</i>	<i>Staff costs (USD million)</i>	<i>Non-staff costs (USD million)</i>	<i>Total Estimated costs (USD million)</i>	<i>Projected year-end balance (USD million)^a</i>
June 2026	July 2027	6.3	3.5	9.8	25.2

a -Please note that these projections are based on the best available information with the secretariat and includes the USD 45 million in reserve, the anticipated liabilities, and excludes any future income and unforeseen liabilities related to records management.



Snapshot of scenario with early closure timelines

Early closure scenario where last request for issuance of CERs is received in June 2026 and CDM operations cease in July 2027

CDM operations	Staff costs (USD)	Non-staff costs (USD)	Total costs (USD)
CDM registry operations	1,173,643	668,293	1,841,936
Project assessment	368,744	209,969	578,713
Accreditation of designated operational entities	220,403	125,501	345,904
Servicing of panels	506,926	288,652	795,578
Servicing of the regulatory body	925,691	527,104	1,452,795
Accreditation	0	0	0
Methodologies development	0	0	0
Regulatory management	372,480	212,097	584,577
Interaction with stakeholders	0	0	0
Cross-cutting internal administrative activities	2,644,830	1,506,012	4,150,842
Total	6,212,717	3,537,629	9,750,345

- **For early closure scenario**, for 2026- July 2027 secretariat would require a total budget of **USD 9.8 million**.



Brief about staff liabilities

- **Employee benefit liabilities** mainly comprise **After-Service Health Insurance (ASHI)**, which provides post-retirement medical coverage to eligible UN staff and their dependents.
- ASHI is governed by **UN common system regulations, General Assembly resolutions,** and administered under **UN Financial Regulations and Rules** and the **UN Joint Staff Pension Fund framework** for separation benefits, and applicable to all **UNFCCC staff,** including those under the **Trust Fund for the Clean Development Mechanism.**
- As per **decision 26/CP.27,** ASHI liabilities are financed on a **pay-as-you-go basis;**
- ASHI liability is **calculated by an independent actuary,** using established actuarial and statistical methods for all the UN organisations and **UNFCCC demographic and financial data** (e.g., staff composition, age profiles, contribution rates) and follows a **standardized UN-wide actuarial approach** to ensure **consistency, objectivity, and comparability.**



Snapshot of audited financial statement for year ending 31 Dec 2024

	USD (in millions)
Net assets as per Audited Financial Statement for year ending 31 Dec. 2024*	55
Projected expenditure as per approved MAP for 2024-2025	-9
Projected income as per approved MAP for 2024-2025	1
Adjusted total end of 2025	47
Liabilities	
Potential of liabilities related to the reimbursement of upfront fees received by CDM	-10
Estimated IT expenses associated with the records management of CDM documentation	-2
Actual balance available	35

** Includes USD 45 million in reserve*



Projected year-end balances of the trust fund for the clean development mechanism under two scenarios

<i>Last CER issuance request</i>	<i>Processing years</i>	<i>Year in which CDM operations cease</i>	<i>Staff costs (USD)</i>	<i>Non-staff costs (USD)</i>	<i>Total Estimated costs (USD)</i>	<i>Projected year-end balance (USD)^a</i>
2026	2026-2027	2028	8,939,188	7,225,906	16,165,094	18,834,906
2027	2026-2028	2029	11,477,108	9,860,442	21,337,551	13,662,449

a -Please note that these projections are based on the best available information with the secretariat and includes the USD 45 million in reserve, the anticipated liabilities, and excludes any future income and unforeseen liabilities related to records management.



Snapshot of scenario 1

Scenario 1 where last request for issuance of CERs is received in 2026 and CDM operations cease in 2028

CDM operations	Staff costs (USD)	Non-staff costs (USD)	Total costs (USD)
CDM registry operations	1,092,206	330,393	1,422,599
Project assessment	649,055	300,066	949,121
Accreditation of designated operational entities	150,736	69,384	220,120
Servicing of panels	607,968	354,409	962,377
Servicing of the regulatory body	1,318,938	2,497,890	3,816,828
Accreditation	145,083	40,135	185,218
Methodologies development	203,493	56,293	259,787
Regulatory management	450,616	245,227	695,844
Interaction with stakeholders	1,017,467	281,467	1,298,934
Cross-cutting internal administrative activities	3,303,626	3,050,641	6,354,267
Total	8,939,188	7,225,906	16,165,094

- **For scenario 1**, for 2026-2028 secretariat would require a total budget of **USD 16.2 million**.



Snapshot of scenario 2

Scenario 2 where last request for issuance of CERs is received in 2027 and CDM operations cease in 2029

CDM operations	Staff costs (USD)	Non-staff costs (USD)	Total costs (USD)
CDM registry operations	1,158,917	355,714	1,514,631
Project assessment	605,330	283,953	889,283
Accreditation of designated operational entities	247,077	96,295	343,372
Servicing of panels	906,774	531,134	1,437,908
Servicing of the regulatory body	1,729,542	3,449,155	5,178,697
Accreditation	268,079	74,442	342,521
Methodologies development	206,804	57,426	264,230
Regulatory management	663,156	410,149	1,073,304
Interaction with stakeholders	1,441,697	692,696	2,134,393
Cross-cutting internal administrative activities	4,249,732	3,909,479	8,159,211
Total	11,477,108	9,860,442	21,337,551

- **For scenario 2**, secretariat would need a total budget of **USD 21.3 million**.



THANK YOU

