

CTCN budget and financial situation

CTCN Financials in a Snapshot – As of July 2015

In line with decision 2/CP.17, costs associated with the CTC and the mobilization of the services of the Network should be funded from various sources, ranging from the financial mechanism of the Convention to philanthropic sources, as well as financial and in-kind contributions from the host organization and participants in the Network¹. Parties in a position to do so were invited to support the CTCN through the provision of financial and other resources².

Shortly after the UNEP-led consortium was selected to be the host of the CTCN in December 2012 at COP 17, a quick start to the operationalization of the CTCN was facilitated through cash and in-kind contributions from the consortium in the amount of USD 5.85 million.

As of July 2015, the CTCN further secured a total of **USD 28.5 million** from bilateral and multilateral sources. This includes the latest voluntary contributions kindly provided in the second quarter of 2015 by the Government of Japan and Finland, as well as the funds committed by the Global Environmental Facility, following approval of the project “Promoting Accelerated Transfer and Scaled up Deployment of Mitigation Technologies through the Climate Technology Centre & Network (CTCN)” in June 2015.

Donor	Total Contribution (USD)
Norway*	8,499,850
EU	6,784,261
Denmark	5,361,461
Canada	2,451,461
Japan	1,300,499
USA*	1,000,000
Germany	586,207
Switzerland	400,000
Finland	216,640
Ireland	117,647
Sub-Total	26,718,026
GEF	1,800,000
Total	28,518,026
*Executed through partnership respectively with DNV GL and NREL	

The funding target for the CTCN first 5 years of operations amounts to USD 100 million as approved by Parties of the UNFCCC COP. UNEP and UNIDO as the co-leading organizations of the CTCN Consortium, continue therefore to engage with current and other potential donors, to secure the remaining funds.

Based on current funding forecast, however, limited additional resources are expected to be received for 2016 and beyond. At the moment, negotiations are at an advance stage with regards to additional US\$ 0.5 million which the Government of Japan may provide for the development of the Climate Technology Library.

In addition, the United States of America have informed of their intent to provide an additional US\$ 1 million as voluntary contribution to CTCN, while the European Commission is considering further support up to US\$ 7 million.

If the above contributions are secured, the total funding for the first 5 years of operations would increase to **USD 42,85** (including the initial contribution from the consortium), with a remaining shortfall of USD **57,15 million**.

¹ Decision 14/CP.18, annex I, paragraph 7

² Decision 2/CP.17, paragraph 139

KEY POINTS ON FINANCIAL SITUATION:

- CTCN was able to secure funds for its operations in the period 2013-2015 in line with the funding level endorsed by its Advisory Board, but it is foreseen a critical funding gap for 2016 and beyond.
- In 2016, the planned budget amounts to USD 23,7 million. It is estimated that approximately USD 9 million of funds so far secured may be available to support operations beyond 2015. This would result in a funding gap for the year 2016 only of above USD 14 million, which would mainly affect the technical assistance services provided to developing countries. Approximately 60% of the funds available is earmarked or obligated for activities other than technical assistance funds.
- If this critical financial situation is going to be addressed, so as to enable CTCN to fulfill its five years mandate, **CTCN will require the active guidance, engagement and support of the Advisory Board in mobilizing resources.**
- Closing the gap and ensuring the sustainability, adequacy and predictability of funds to the CTCN may be achieved through different scenario aiming at diversifying the sources of financing. Each scenario involves opportunities and challenges that need to be considered in depth. In an effort to support this critical conversation for the ability of CTCN to continue delivering its services at a meaningful scale, three possible scenarios are mentioned below.

FINANCING SCENARIO FOR CONSIDERATION AND DISCUSSION BY THE ADVISORY BOARD:

1. UNFCCC Financing mechanism, particularly GCF, finances some or all of CTCN services and/or operations, consistent with COP decisions.

Initial considerations for discussion:

- Could improve CTCN's financing predictability and therefore its ability to plan and manage accurate expectations with Parties.
- Could strengthen CTCN value-added to developing country Parties and GCF by CTCN technical assistance directly supporting GCF project readiness.

2. An explicit burden-sharing process through assessed scale of contribution from Annex II countries of the Kyoto Protocol, potentially managed through the UNFCCC Secretariat budgeting process.

Initial considerations for discussion:

- Could improve CTCN's financing predictability and therefore its ability to plan and manage accurate expectations with Parties.
- This may require an increased funding equation to UNFCCC operations, with related complexities and time considerations.

3. Continue to seek and operate on an ad hoc basis from voluntary bilateral funding.

Initial considerations for discussion:

- Possible advantage of being clearly separated from UNFCCC Finance Mechanism.
- Possible risk of CTCN essentially competing with developing country Parties for finite sources of bilateral climate financing.

- A finite community of donors will have to consider and manage bilateral financing agreements with CTCN.
- Restricts CTCN's ability to loan in advance and manage clear expectations.
- Requires a large amount of CTC staff time and resources to attract and manage voluntary bilateral financing, which take away directly from ability of CTC to implement service provision. If this is the main model for CTCN funding, additional staff may be required.

Additional reference documents:

AB/2015/5/12 – Resource Mobilization Strategy

AB/2015/5/14 – Note on potential linkages between CTCN and GCF

2015 Expenditure Forecast and 2016 Planned Budget

Main Component	2015 PLANNED BUDGET	2015 EXPENDITURE FORECAST	2015 VARIANCE	2016 PLANNED BUDGET
1. Technical assistance in response to country requests				
Requests coordination, refinement, support	1 100 000	1 151 923	-51 923	2 000 000
Requests implementation	8 300 000	5 004 963	3 295 037	15 000 000
TOTAL	9 400 000	6 156 887	3 243 113	17 000 000
2. Outreach, networking and stakeholder engagement				
Outreach and Communication	300 000	287 160	12 840	500 000
CTCN NDEs and Networking Engagement	800 000	767 807	32 193	1 000 000
Stakeholder Engagement	500 000	564 414	-64 414	680 000*
TOTAL	1 600 000	1 619 380	-19 380	2 180 000
3. Knowledge Management, peer learning and capacity building				
KMS Technical Development	900 000	824 737	75 263	820 000*
KMS Content Development	400 000	406 772	-6 772	500 000
Capacity Building activities and material	400 000	442 856	-42 856	600 000
Monitor and Evaluation	100 000	90 061	9 939	100 000
TOTAL	1 800 000	1 764 427	35 573	2 020 000
4. CTCN establishment and operation costs				
CTCN establishment and operations	1 600 000	1 598 381	1 619	2 300 000
AB Meetings and other UN meetings	100 000	98 175	1 825	200 000
TOTAL	1 700 000	1 696 556	3 444	2 500 000
GRAND TOTAL*	14 500 000	11 237 250	3 262 750	23 700 000

Notes:

1. The budget does not include cash and in-kind contributions from UNEP, UNIDO, Consortium Partners
2. In 2016 it is foreseen that the total budget will increase to USD 23,7 million versus the USD 23 million originally planned in the 5 year Budget. The increase is mainly due to a revision of the planned budget for Stakeholder Engagement and KMS Technical Assistance in order to reflect activities planned in 2016 and contractual arrangements with implementing partners.