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ADMINISTRATIVE AND FINANCIAL MATTERS
PROGRAMME BUDGET FOR THE BIENNIUM 2002-2003

Proposed programme budget of the Convention

Note by the Executive Secretary

I. INTRODUCTION

A. Mandate

1. The core administrative costs of the Conference of the Parties (COP), the subsidiary bodies and the secretariat are met through a biennial programme budget to which contributions are made each year by Parties on the basis of an indicative scale. The budget is adopted by consensus by the Conference of the Parties prior to the commencement of the financial period it covers, based on a proposal dispatched by the Executive Secretary at least 90 days prior to the opening of the COP session at which the budget will be adopted. (See decision on financial procedures, decision 15/CP.1, annex I, paras. 3 and 4.)¹

2. The SBI at the second part of its thirteenth session started discussions on the programme budget for 2002-2003 and agreed to consider it at its fourteenth session, with a view to recommending to the COP a programme budget for the biennium 2002-2003 for adoption at its seventh session.² The COP at its sixth session (COP 6, part I) requested the Subsidiary Body for Implementation at its fourteenth session (SBI 14) to recommend a programme budget for the biennium 2002-2003 for adoption by the COP at its seventh session (COP 7). To this end, COP 6 requested the Executive Secretary to submit a programme budget proposal to SBI 14. It

¹ For decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

² For conclusions adopted by the SBI at its resumed thirteenth session, see document FCCC/SBI/2000/17.

specified that this proposal should include a contingency for conference services, should the General Assembly at its fifty-sixth session decide not to include the needs of the secretariat in its regular budget for the biennium 2002-2003. (See decision 4/CP.6, paras. 15 and 16.)³ This note responds to that request.

B. Scope of the note

3. This document contains the programme budget of the Convention for the biennium 2002-2003 proposed by the Executive Secretary for consideration by the SBI at its fourteenth session and for adoption by the COP at its seventh session, on the basis of a recommendation by the SBI. For summary of the work programme and resource requirements see document FCCC/SBI/2001/4/Add.1. The late submission of these documents is regretted; it has had to take second place to the secretariat's preparations for the resumption of negotiations at COP 6 on the Buenos Aires Plan of Action, including its assistance to the President in the preparation of the Consolidated Negotiating Text.

4. This proposal consists of:

(a) An overview (see section II below) including an explanation of the proposed programme structure (see also figure 1) and comments on resource requirements from the core budget for the biennium;

(b) Accompanying tables showing the proposed core budget by programme, the proposed staffing table financed by that budget and comparisons with previous budget periods;

(c) Methodological notes.

5. The document also contains a preliminary estimate of staffing and resource requirements for contingencies (see section III below), an indication of the planned use of programme support charges (overheads) that the Convention secretariat expects to receive from the United Nations (see section IV below) and resource requirements in the biennium for the Trust Fund for Participation (see section V below).

6. A revised presentation of the proposed secretariat work programme, as well as an estimate of resource requirements for the Trust Fund for Supplementary Activities, will be presented to the SBI at its fifteenth session, in the light of the outcome of its consideration of the proposed programme budget at its fourteenth session.

C. Possible action by the SBI

7. As noted in paragraph 2 above, the SBI has been requested by COP 6 to recommend to COP 7 a programme budget for the forthcoming biennium. To facilitate the review and consideration of the proposal made by the Executive Secretary, the Chairman of the SBI may wish to convene informal consultations at the start of SBI 14. He may also wish to invite the Chairman of the Subsidiary Body for Scientific and Technological Advice (SBSTA) to encourage delegations to involve their experts from the SBSTA in the review of those elements

³ For decisions adopted by the Conference of the Parties at its sixth session, see document FCCC/CP/2000/5/Add.2.

of the programme budget relevant to the work of the SBSTA, notably work on inventory methods and technical reviews.

8. As a result of its deliberations, the SBI may wish:

(a) To recommend to COP 7 a total programme budget for the biennium 2002-2003, and a secretariat-wide staffing table broken down by level of posts (see tables 3 and 1 below);

(b) To request the secretariat to prepare the following elements for consideration by SBI 15:

(i) A draft decision on the programme budget for the biennium 2002-2003, with accompanying tables for adoption by COP 7;

(ii) A revised presentation of the secretariat's work programme for the biennium 2002-2003 in support of the above;

(c) To request the Executive Secretary to estimate the resources required for carrying out the tasks called for by decisions recommended by the COP for adoption by COP/MOP1 and to include these in the programme budget for the biennium 2004-2005 or, as appropriate, in a supplement to the programme budget for the biennium 2002-2003;

(d) To recommend to COP 7 that approved levels of resources be included in the programme budget for the following activities, which are contingent upon separate decisions by the COP or the General Assembly of the United Nations:⁴

(i) Conference servicing of meetings of the Convention bodies, should the General Assembly at its fifty-sixth session not provide for this in the regular budget of the United Nations for the biennium 2002-2003;

(ii) Prompt start of the work in support of the clean development mechanism (Article 12 of the Kyoto Protocol) should the COP decide to establish its Executive Board;

(iii) Support for the work of the intergovernmental consultative group of scientific and technical experts on technology transfer should the COP decide to establish this group;

(iv) Additional work on methodological issues related to land-use and land-use change and forestry;⁵ and

(v) Additional work on the technical review of GHG inventories, including provision of training to the review experts.⁵

9. Knowing the level of the next budget at the conclusion of SBI 14 would enable the Executive Secretary to notify Parties in a timely manner of contributions due in the coming year,

⁴ The estimates for any contingencies that the SBI retains in its recommendation to COP 7 will be refined for presentation to SBI 15.

⁵ These contingencies would be triggered by decisions of COP 8 on the recommendation of the subsidiary bodies at their sixteenth sessions.

and would help to avoid cash flow problems. It would also permit programme planning to start in the latter part of this year.

II. OVERVIEW

A. Planning in uncertainty – assumptions and contingencies

10. This programme budget is proposed in a context of uncertainty. The course of intergovernmental negotiations at and after the resumption of COP 6 is not clear; nor, consequently, are all the demands that the Parties may make upon the Convention secretariat in the next two years. Furthermore, the proposal is made by an outgoing Executive Secretary, aware that his successor will bring a new vision to the leadership and management of the secretariat and may wish to modify the way it is organized.

11. Rather than use uncertainty as a pretext for delay, the Executive Secretary has considered it prudent to put forward a proposal that draws upon the lessons learned in implementing the programme budget for the current biennium, includes contingency provisions for decisions that may be taken by the COP this year or next year and allows considerable managerial flexibility to the incoming head of the secretariat.

12. The principal uncertainty on the intergovernmental front concerns the pace of movement towards entry into force of the Kyoto Protocol. The current work programme of the secretariat includes some activities in preparation for that eventuality. These are carried out in conjunction with work mandated by the Convention and by COP decisions in the framework of the Convention.⁶ In estimating the proposed core budget for the coming biennium, it is assumed that such activities will be maintained or replaced by others with similar substantive content. No additional resources are sought in the core budget for work explicitly related to the Kyoto Protocol. The resource implications of draft decisions that may be recommended by the COP for adoption by the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP 1) are to be included in the estimates for the next programme budget, for the biennium 2004-2005, or, as appropriate, in a supplementary budget for 2002-2003 to be drawn up in the light of such recommendations. However, provision is made in the present proposal for the contingency that the Executive Board of the clean development mechanism may be set up by COP 7 and start to build up momentum in 2002.⁷

⁶ Design work and information collection on emissions trading and other mechanisms envisaged in Articles 6, 12 and 17 of the Kyoto Protocol builds on that on cooperative mechanisms envisaged by the Convention and the COP (“joint implementation” and “activities implemented jointly”); work on compliance procedures is undertaken in conjunction with that on the multilateral consultative process under Article 13 of the Convention.

⁷ Core funds in the contingency budget will be supplemented by the Trust Fund for Supplementary Activities. In time, the administrative expenses of the CDM will be covered by a share of the proceeds from certified project activities. Should the decision to establish the Executive Board be taken by COP 8, the contingency provision would be scaled down. Should the COP decide to establish a supervisory committee under Article 6 and if technical support is to be provided for setting up the structure for registries and the operation of a transaction log in the context of emissions trading during the period 2002-2003, additional resources would be sought from the Trust Fund for Supplementary Activities.

13. Other contingency provisions relate to the intensity of technical work on sinks and on GHG inventories and the establishment of an intergovernmental consultative group of scientific and technical experts on technology transfer.

14. A contingency of a different nature relates to the availability of conference services (mainly interpretation, translation and documentation services) to the Convention bodies. These services have hitherto been provided through the regular budget of the United Nations, adopted by the General Assembly. As in the past, a contingency provision has been made for the Convention budget to cover the cost of such services in the event that the General Assembly does not maintain its past practice.

15. This latter provision is calculated on the assumptions that the annual calendar of meetings of Convention bodies will continue to consist of two periods of two weeks each and that one of these periods will incorporate a session of the COP. It is further assumed that at least one session of the COP in the coming biennium will be hosted by a Party away from Bonn and that, should the first session of the COP/MOP be held in the coming biennium, it will not add to these conference servicing needs. These assumptions determine not only conference servicing costs but also many other components of the programme budget. It is important that the SBI confirm them.

16. As regards managerial flexibility for the incoming Executive Secretary, the way in which the programme budget is presented permits choices to be made in the division of tasks with the Deputy Executive Secretary and in the assignment of oversight responsibilities for support services. Moreover, it is anticipated that the COP will, as before, authorize the Executive Secretary to transfer resources among programmes within the usual limits, thus enabling structural modifications during the biennium.⁸

B. Programme structure

17. The proposed structure of the secretariat's work programme differs from that presented to the SBI two years ago. It reflects the evolution of COP mandates, structural adjustments made during the current biennium and lessons learned in implementation. The modified structure is presented in three programme clusters (see figure 1 below): **Executive Direction, Technical Programmes and Support Services**. Some current organizational units have been discontinued and their posts redeployed in the new structure.

18. **Executive Direction** comprises the functions and staffs of the Executive Secretary, the Deputy Executive Secretary and the Secretary of the COP. These three officials have in common their responsibility for promoting the overall coherence of the secretariat's work and its responsiveness to the needs of the Convention bodies. They chair internal management processes that advance these aims and facilitate the collegial management of the secretariat. They also provide advice and support to the President and the Bureau of the COP, undertake

⁸ Decision 20/CP.5, paragraph 8, authorizes the Executive Secretary to make transfers between each of the main appropriation lines, up to an aggregate limit of 15 per cent of the total estimated expenditure for those appropriation lines, provided that a further limitation of up to minus 25 per cent of each such appropriation line shall apply.

analysis of emerging policy issues,⁹ coordinate the secretariat's representational and outreach activities¹⁰ and oversee the work of the three support services (see paras 25-28 below).

19. Within this cluster, the tasks undertaken under the direct supervision of the Executive Secretary and the Deputy Executive Secretary will be grouped in one programme – **Executive Direction and Management (EDM)** – within which a division of responsibilities will be worked out once the new Executive Secretary is in place. The **Office of the Secretary of the COP (S/COP)** will constitute a separate budget line.

20. **Technical Programmes** carry out mandates assigned by the COP and its subsidiary bodies. The present content of the secretariat's technical work has been configured to comprise four such programmes: Methods, Inventories and Science; Sustainable Development; Cooperative Mechanisms; and Implementation.

21. **Methods, Inventories and Science (MIS)** carries forward the development of the secretariat's capacity to support the Parties in establishing the methodological basis for the credible implementation of commitments related to emissions and removals of GHGs. It concentrates the capacity to develop guidelines for reporting GHG emissions and removals and technical review of inventories, organize such reviews as mandated by decisions 3/CP.5 and 6/CP.5, and archive the inventory data. It continues methodological work related to land-use change and forestry, and projections. It includes a new focus on vulnerability and adaptation methods. It also ensures linkages with scientific processes, notably the IPCC, ICAO, IMO and the scientific and technical work of other conventions, notably the UNCBD and the UNCCD. The head of this programme (at the D-2 level) coordinates the secretariat's support for the SBSTA and its officers.

22. **Sustainable Development (SD)** groups activities related to the integration of the climate change dimension in the sustainable development priorities and programmes of developing country Parties. It includes, initially, support for intergovernmental work on the transfer of technology, adaptation strategies (including national adaptation plans of action for least-developed countries) and impacts of response measures.¹¹

23. **Cooperative Mechanisms (COOP)** continues current design work on project-based mechanisms and emissions trading and collects information on activities implemented jointly. The Deputy Executive Secretary will oversee the work of this programme until the scale of its activity would justify the position of a full-time programme coordinator at the D-2 level.

24. **Implementation (IMP)** continues current work on guidelines for national communications by Annex I Parties and non-Annex I Parties, support for the respective processes of review and consideration – including, in the latter case, the Consultative Group of

⁹ For reasons of economy in staffing, technical work on compliance procedures and the multilateral consultative process will be dealt with among these issues.

¹⁰ The proposed work programme no longer includes an element dedicated to outreach. Essential outreach functions are assigned to different parts of the secretariat; resources intended for the outreach subprogramme in the current biennium are redeployed.

¹¹ At this stage, the facilitation of capacity-building is retained in the Implementation programme, where it will be carried out in conjunction with the secretariat's linkage to the GEF. The GEF is the main multilateral source of finance for capacity-building purposes related to the Convention.

Experts – and the compilation and synthesis of information provided in communications. This programme ensures liaison with the GEF and coordinates the secretariat's responses to mandates to facilitate capacity-building activities. The head of this programme (at the D-2 level) coordinates the secretariat's support for the SBI and its officers.

25. **Support services**, enabling the secretariat and the intergovernmental process to function effectively, continue to be provided in the areas of **Administration, Conference Affairs, and Information**. They have hitherto been integrated in larger programmes. For the purpose of budgetary transparency, they are now presented as distinct programme lines. However, each of them will be overseen by one of the senior officials in Executive Direction and Management.¹²

26. **Administrative Services (AS)** carry out the overall administration of the Convention secretariat; develop policies and guidance for the management of financial and human resources; manage procurement activities; manage secretariat-wide operating costs funded from the core budget, and monitor administrative transactions undertaken by the programme administrative teams (PATs), also funded from overheads. The PATs have emerged from the administrative reform initiated and gradually implemented in the current biennium. Staffing and related costs are funded from overheads (see Section E) and secretariat-wide costs are funded from the core budget. In addition, a common approach to administrative services is being planned with the secretariat of the United Nations Convention to Combat Desertification (UNCCD).

27. **Conference Affairs Services (CAS)** are responsible for providing conference facilities and services for all sessions of the Convention bodies (COPs, SBs) and for workshops. CAS liaises with Parties, Observer States and Observer organizations, conducts the registration of participants to sessions of Convention bodies and provides funding and travel arrangements for participants from Parties eligible for funding. CAS is also responsible for planning, editing and coordinating the production and dissemination of official documents.

28. **Information Services (IS)** are responsible for the information technologies support to Parties at conferences and workshops as well as to the secretariat. IS ensures that Parties have access to official documents and other information over the Internet and maintains the secretariat's web site, www.unfccc.int. IS also maintains key databases needed for registration and document distribution, and supports secretariat work through the library. IS arranges for the participation of media in the Convention process, and in cooperation with UNEP and other organizations, publishes information products on the Convention and its process.

C. Resource requirements

1. Use of unspent balances (carry-over)

29. Regular expenditures on the current work programme have been running below the approved programme expenditures for 2000-2001.¹³ This is occurring for a variety of technical and operational reasons: exchange rate gains; the downturn in intergovernmental activities (such as workshops) since the suspension of COP 6; delay in starting the technical review of GHG

¹² It is envisaged that Administrative Services report to the Deputy Executive Secretary and Information Services report to the Executive Secretary. These reporting lines are subject to review by the incoming Executive Secretary.

¹³ The financial situation will be reported to COP 7 at the time that the programme budget will be formally accepted.

inventories due to incomplete submissions and the need to develop the necessary tools; and under-expenditure in the budget lines for consultants, travel and experts. Contrary factors have been the one-off costs of equipping additional offices for the secretariat in its “overflow” premises and of making arrangements for a “political” COP in July 2001, with high attendance, security and press coverage, instead of the previously-planned “technical” sessions of the subsidiary bodies in May-June 2001.

30. At the end of 1999, the carry-over balance was around US\$ 6 million, and the COP decided that US\$ 3.69 million of the 2000-2001 biennium expenditures should be covered from this balance. At the end of 2000, the carry-over balance was US\$ 7.3 million, and it is expected to increase to the order of US\$ 8 million by end 2001.¹⁴ It is proposed that, following the precedent in its decision 20/CP.5, the COP approve a drawing of US\$ 4 million from this balance to cover part of the core budget for 2002-2003.

31. In the preparation of the proposed core budget, the secretariat has sought to provide tighter estimates of resource requirements and unit costs, so as to correct the apparent tendency to under-expenditure. It cannot, of course, forecast exchange rate variations or the fluctuations of intergovernmental activities requiring secretariat support.

2. Boundary conditions

32. The following elements in the proposed programme budget have been kept constant, compared to the current biennium:

(a) The number of posts at and above the level of P-5 (there is one more D-1 and one less P-5; some of these posts are redeployed to fit the proposed programme structure);

(b) The provisions for consultants and staff travel.

33. These limits do not apply to contingencies.

34. Costs arising from workshops (e.g. travel of participants and staff, resource persons, rental of premises) will continue to be funded from the Trust Fund for Supplementary Activities.

3. Additional posts

35. This proposal seeks a total of 13 additional posts in the professional category (P-4 and below) and 9.5 in the general service category. Some are not required until 2003. The location of these additional posts is identified in the summary presentation of the work programme. The sources of demand for additional professional posts are:

¹⁴ In each case, the working capital reserve, which amounts to 8.3 per cent of the expected expenditures in the next year, has been deducted.

- (a) A new mandate for technical work on GHG inventories stemming from decision 6/CP.5;¹⁵ additional posts (in MIS): one P-4, two P-3;
- (b) Response to the growing interest by Parties in work on vulnerability and adaptation (methods and strategies), with particular reference to the vulnerability of least-developed countries and small-island countries; additional posts (in SD and MIS): two P-4 (one in 2003);
- (c) Development of linkages with related scientific institutions and processes (IPCC, ICAO, IMO, WMO, UNCCD, UNCBD, other conventions); additional post (in MIS): one P-3;
- (d) Work on the facilitation of capacity-building; additional post (in IMP): one P-4;
- (e) Greater demand for information technology and web services; additional posts (in IS): one P-4, one P-3 and one P-2 (in 2003);
- (f) The integration in the core budget of stable activities hitherto financed by the “Bonn Fund”¹⁶ (documentation services) or by the Trust Fund for Supplementary Activities (liaison with NGOs and information media, web communications): additional posts (in CAS and IS): two P-3, one P-2.

36. The additional posts would bring the staffing table of the Convention secretariat financed by the core budget up to the following totals in 2003 (see also table 1 below):

ASG and D levels	9 posts
P-5	9 posts
P-4	17 posts
P-3 – P-2	34 posts
General Service	38.5 posts

¹⁵ In the first half of 2001 the secretariat reviewed GHG inventories from 23 Annex I Parties that have already submitted them in the common reporting format through initial checks and the synthesis and assessment process. In addition, several GHG inventories were subject to individual review by means of desk reviews, centralized reviews and four in-country reviews involving over 50 national experts from both developing and developed countries, with half of them funded by the secretariat; in the second half of 2001 and in 2002 this work will continue and from 2003, according to decision 6/CP.5, GHG inventories of all Annex I Parties should be reviewed annually. Intensified work on GHG inventory review also requires additional resources for information technology support, as well as web services and the editing of documentation at various stages of review.

¹⁶ The “Bonn Fund” is a special annual contribution pledged by the Government of Germany to offset primarily the costs of organizing meetings and events in Germany. The growing scale of meetings of the COP and the subsidiary bodies, as well as the rising cost of procuring conference facilities in Bonn, is putting increasing pressure on the resources of the Bonn Fund. This pressure is greatest when a COP session is held in Bonn (as in 1999 and 2001). The upper limit of the Bonn Fund has remained fixed at DM 3.5 million since 1998. (This amount is currently equivalent to US\$ 1.5 million; it is currently declining in US\$ terms.) Consequently, it would be prudent to shift some staff costs from this Fund to the core budget, so as to maintain documentation and related library services at the level to which Parties are accustomed.

Table 1. Secretariat-wide staffing requirements from the core budget

	2001	2002	2003
A. Professional category and above			
ASG	1	1	1
D-2	3	3	3
D-1	4	5	5
P-5	10	9	9
P-4	11	16	17
P-3	18	24	24
P-2	9	9	10
Total Professional category and above	56	67	69
B. Total General Service category	29	38.5	38.5
TOTAL (A+B)	85	105.5	107.5

Table 2. Historical comparisons of staffing in the last year of each biennium

	1997	1999	2001	2003 (proposed)
Professional category and above (number of posts)	31	41	56	69
Professional category and above (percentage change relative to previous biennium)	--	32.3%	36.6%	23.2%
General service category (number of posts)	19	22	29	38.5
General service category (percentage change relative to previous biennium)	--	15.8%	31.8%	32.8%
All staff (number of posts)	50	63	85	107.5
All staff (percentage change relative to previous biennium)	--	26%	35%	26%

4. Travel of experts

37. The programme budget for the biennium 2000-2001 provided for the travel of a limited number of experts in relation to the in-depth review of Annex I communications. This was largely completed by mid-2000. A substantial increase in funds to cover the travel of experts will be required in 2002-2003 for the following purposes:

(a) According to decision 11/CP.4, Annex I Parties should submit their third national communications by 30 November 2001. These communications should be subject to in-depth review involving travel of government-nominated experts in 2002-2003;

(b) Decision 6/CP.5 established a trial period for the technical review of GHG inventories from Annex I Parties. These reviews involve a significant number of experts travelling to the secretariat for centralized reviews, for the preparation of synthesis and assessment reports and other supporting documentation, and to Annex I Parties during in-country reviews;

(c) Decision 8/CP.5 established the Consultative Group of Experts on National Communications from Parties Not Included in Annex I to the Convention (CGE). Meetings of the CGE and the workshops it convenes also involve the travel of experts.

38. The estimates included in this proposal envisage funding for all experts, whatever their country of origin. Fees for experts participating in desk reviews are not included in this proposal. If Parties decide that these fees should be covered, such a provision should be included in either the core budget or the Trust Fund for Supplementary Activities.

5. Financial envelope for the biennium

39. Total programme expenditures from the core budget for the biennium 2002-2003, excluding contingencies, are estimated at US\$ 28.8 million. The addition of the standard United Nations overhead charge (13 per cent) and the adjustment to the working capital reserve would bring the total budget to US\$ 32.8 million. The deduction of the contribution from the host Government (DM 3 million, equivalent to US\$ 1.3 million) and of the proposed drawing of US\$ 4 million on unspent balances (carry-over) would set the "bottom line" – the total amount to be contributed by Parties according to the revised indicative scale - at US\$ 27.5 million (see table 3 below).

Table 3. Proposed programme budget for the biennium 2002-2003
(*thousands of United States dollars*)

Expenditure	2002	2003	2002-2003 Total
A. <u>Executive Direction</u>			
A.1. Executive Direction and Management	1,675.4	1,692.8	3,368.2
A.2. Office of the Secretary of the COP	699.6	699.6	1399.2
B. <u>Technical Programmes</u>			
B.1. Methods, Inventories and Science	2,789.6	3,008.5	5,798.1
B.2. Sustainable Development	1,084.9	1,114.4	2,199.3
B.3. Cooperative Mechanisms	763.8	763.8	1527.6
B.4. Implementation	2,695.3	2,738.8	5,434.1
C. <u>Support Services</u>			
C.1. Administrative Services ^a	--	--	--
C.2. Conference Affairs Services	1,072.4	1,112.2	2,184.6
C.3. Information Services	1,707.9	1,872.3	3,580.2
D. <u>Secretariat-wide operating costs</u>^b	1,695.5	1,628.0	3,323.5
Approved programme expenditures (A+B+C+D)	14,184.3	14,630.4	28,814.7
E. <u>Programme support charge (overhead)</u>^c	1,844.0	1,901.9	3,745.9
F. <u>Working capital reserve</u>^d	209.5	41.8	251.3
TOTAL BUDGET (lines A+B+C+D+E+F)	16,237.8	16,574.1	32,811.9
Income			
Contribution from the host Government ^e	657.9	657.9	1315.8
Unspent balances or contributions from previous financial periods (carry-over)	2,000.0	2,000.0	4,000.0
TOTAL INCOME	2,657.9	2,657.9	5,315.8
INDICATIVE CONTRIBUTIONS	13,579.9	13,916.2	27,496.1

^a Funded by overheads.

^b Managed by Administrative Services.

^c Standard 13 per cent applied by the United Nations for administrative support. For detailed use of overheads refer to tables 10 and 11 below.

^d In accordance with the financial procedures (decision 15/CP.1, annex I, para. 14). This will bring the working capital reserve to US\$ 1,330.4 in 2002 and US\$ 1,372.2 in 2003.

^e Based on the prevailing United Nations rate of exchange in June 2001, equivalent to DM 1.5 million (US\$ 1 = DM 2.28).

40. Table 4 provides information on secretariat-wide resource requirements from the core budget by object of expenditure for the two preceding bienniums and the proposed budget for 2002-2003.

Table 4. Secretariat-wide resource requirements from the core budget by object of expenditure

(thousands of United States dollars)

Item of expenditure	1998-1999	2000-2001	2002-2003 (proposed)
A. Staff costs	13,316.1	16,407.5	19,850.9
B. Consultants	905.0	1,412.0	1,412.0
C. Travel on official business	944.5	1,506.3	1,506.3
D. Expert groups	576.0	210.0	1,632.0
E. General operating expenses	560.7	635.0	910.0
F. Supplies and materials	190.0	230.0	120.0
G. Acquisition of furniture and equipment	334.5	672.2	783.5
H. Contractual services			
External printing and other	95.0	150.0	300.0
Training	90.0	380.0	500.0
I. Contributions to joint services	900.0	1,075.0	1,100.0
J. Grants and contributions (IPCC)	750.0	1,000.0	700.0
K. Preparations for COP 6	--	885.0	--
Subtotal programme expenditures	18,661.8	24,563.0	28,814.7
Programme support charge (overhead) ^a	2,426.0	3,193.2	3,745.9
Working capital reserve ^b	258.2	132.0	251.3
TOTAL BUDGET	21,346.0	27,888.1	32,811.9
Income			
Contribution from the host Government ^c	1,775.2	1,621.6	1,315.8
Unspent balances or contributions from previous financial periods (carry-over)	0.0	3,702.2	4,000.0
TOTAL INCOME	1,775.2	5,323.8	5,315.8
INDICATIVE CONTRIBUTIONS	19,570.8	22,564.3	27,496.1

^a Standard 13 per cent applied by the United Nations for administrative support.

^b In accordance with the financial procedures (decision 15/CP.1, annex I, para. 14). This will bring the working capital reserve to US\$ 1,330.4 in 2002 and US\$ 1,372.2 in 2003.

^c Based on the prevailing United Nations rate of exchange, equivalent to DM 1.5 million.

41. Table 5 illustrates changes in the approved budgets for the preceding bienniums and the proposed budget for 2002-2003.

Table 5. Changes in the budgets

	1996-1997	1998-1999	2000-2001	2002-2003 (proposed)
Approved budget, US\$	15,627,400	18,661,800	24,562,956*	28,814,637
Percentage change relative to previous biennium	--	19.4%	31.6%	17.3%

* Approved programme expenditures plus US\$ 1,000,000 less overheads and US\$ 300,000 complementary for IPCC.

III. CONTINGENCIES

42. The contingency for conference services would add US\$ 4.7 million in meeting servicing and documentation requirements and US\$ 5.7 million to the bottom line (see tables 6A and 6B below). Preliminary contingency estimates for technical programmes and related support services (see paragraphs 12 to 15 above) would add US\$ 1.3 million to programme expenditures and US\$ 1.6 million to the bottom line (see tables 7 to 9 below). These estimates for technical programmes also include an increased provision of information services. The contingencies would add the following posts in technical programmes: one D-2, five P-4 to P-2, two GS; and in conference services: one P-4 and five GS.

43. The following are preliminary estimates for contingencies dependent on future intergovernmental decisions. The estimates for any contingencies that the SBI retains in its recommendation to COP 7 will be refined for presentation to SBI 15.

Table 6. Proposed contingency for conference services

Table 6A. Staffing requirements

	2002	2003
A. Professional category and above		
P-4	1	1
Total Professional category and above	1	1
B. Total General Service category	5	5
TOTAL (A+B)	6	6

Table 6B. Resource requirements

(thousands of United States dollars)

Item of expenditure	2002	2003
A. Meeting services ^a	987.1	1,015.1
B. Documentation ^b	1,326.8	1,340.1
Subtotal	2,313.9	2,355.2
Programme support charge (overheads) ^c	300.8	306.2
Contingencies and exchange rate fluctuations ^d	78.4	79.8
Working capital reserve ^e	223.5	4.0
GRAND TOTAL	2,916.7	2,745.2

^a Includes interpretation and conference assistance.

^b Includes revision, translation, typing, reproduction and distribution of pre-, in- and post-session documentation (regular and temporary staff, travel and contractual services).

^c Standard 13 per cent applied by the United Nations for administrative support.

^d Calculated at 3 per cent.

^e In accordance with paragraph 14 of the financial procedures. The 2002 amount has been calculated as 8.3 per cent of the subtotal and the overhead charge; the 2003 amount has been calculated as the amount required to bring the 2002 carry-over reserve to 9.3 per cent of the subtotal and overhead charge for 2003.

Table 7. Proposed contingency for CDM prompt start**Table 7A. Staffing requirements**

	2002	2003
A. Professional category and above		
D-2	--	1
P-4	1	1
P-3	1	1
Total Professional category and above	2	3
B. Total General Service category	--	1
TOTAL (A+B)	2	4

Table 7B. Resource requirements*(thousands of United States dollars)*

Item of expenditure	2002	2003
A. Staff costs	162.0	377.4
B. Non-staff costs	43.2	91.1
Subtotal	205.2	468.5
Programme support charge (overheads) ^a	26.7	60.9
Working capital reserve ^b	19.2	24.7
GRAND TOTAL	251.1	554.0

^a Standard 13 per cent applied by the United Nations for administrative support.

^b In accordance with paragraph 14 of the financial procedures. The 2002 amount has been calculated as 8.3 per cent of the subtotal and the overhead charge; the 2003 amount has been calculated as the amount required to bring the 2002 carry-over reserve to 9.3 per cent of the subtotal and overhead charge for 2003.

Table 8. Proposed contingency for a group on technology transfer

Table 8A. Staffing requirements

	2002	2003
A. Professional category and above		
P-3	--	1
Total Professional category and above	--	1
B. Total General Service category	--	--
TOTAL (A+B)	--	1

Table 8B. Resource requirements

(thousands of United States dollars)

Item of expenditure	2002	2003
A. Staff costs	73.6	98.1
B. Non-staff costs	69.7	72.6
Subtotal	143.2	170.7
Programme support charge (overheads) ^a	18.6	22.2
Working capital reserve ^b	13.4	2.6
GRAND TOTAL	175.3	195.5

^a Standard 13 per cent applied by the United Nations for administrative support.

^b In accordance with paragraph 14 of the financial procedures. The 2002 amount has been calculated as 8.3 per cent of the subtotal and the overhead charge; the 2003 amount has been calculated as the amount required to bring the 2002 carry-over reserve to 9.3 per cent of the subtotal and overhead charge for 2003.

Table 9. Proposed contingency for additional work on GHG inventories and LULUCF

Table 9A. Staffing requirements

	2002	2003
A. Professional category and above		
P-4	--	1
P-3	--	1
Total Professional category and above	--	2
B. Total General Service category	--	1
TOTAL (A+B)	--	3

Table 9B. Resource requirements

(thousands of United States dollars)

Item of expenditure	2002	2003
A. Staff costs	--	208.0
B. Non-staff costs	--	118.1
Subtotal	--	326.2
Programme support charge (overheads) ^a	--	42.4
Working capital reserve ^b	--	30.6
GRAND TOTAL	--	399.1

^a Standard 13 per cent applied by the United Nations for administrative support.

^b In accordance with paragraph 14 of the financial procedures. The 2003 amount has been calculated as the amount required to bring the 2002 carry-over reserve to 9.3 per cent of the subtotal and overhead charge for 2003.

IV. OVERHEADS CHARGE AND ITS USE

44. In accordance with the financial procedures (see decision 15/CP.1) and since the establishment of the Convention permanent secretariat, the Convention budget is required to provide for a 13 per cent overhead charge to the United Nations to cover the costs of the administrative services it provides to the Convention. The United Nations Department of Management returns a substantial portion of these payments to the Convention secretariat for the above purpose. Table 10 presents staffing requirements funded from overheads and table 11 presents resource requirements funded from overheads.

Table 10. Proposed staffing requirements funded from overheads

	2002	2003
A. Professional category and above		
D-1	1	1
P-5	1	1
P-4 – P-2 ^a	12	12
Total Professional category and above	14	14
B. Total General Service category^b	26	26
TOTAL (A+B)	40	40

^a Includes six Professional category programme administrative team (PAT) posts.

^b Includes six GS programme administrative team (PAT) posts.

Table 11. Proposed resource requirements funded from overheads

(thousands of United States dollars)

Item of expenditure	2002	2003
A. Secretariat staff costs	2,232.7	2,232.7
B. Secretariat non-staff costs	230.4	230.4
Total secretariat costs (A+B)^a	2,463.1	2,463.1
Services rendered by the UN	360.0	328.0
GRAND TOTAL	2,823.1	2,791.1

^a Includes resources required for programme administrative teams (PAT).

45. As reported in FCCC/SBI/2001/5 (Institutional linkage of the UNFCCC secretariat to the United Nations), a progressively larger portion of the administrative support charges levied for the reimbursement of administrative servicing costs has been re-allotted to the secretariat to cover the costs related to a steadily greater assumption of administrative responsibility by the secretariat.

46. The Executive Secretary, in agreement with the Department of Management, has gradually taken over most of the responsibility for financial and personnel administration of the Convention secretariat. The Convention secretariat is now entirely responsible for the preparation of its operational budget and related allotments; the procurement of goods and services; the arrangement of travel for staff and participants and the recruitment and administration of staff and consultants. The remainder covers the cost of providing audit, payroll, investment, and treasury and accounting services by the United Nations Office at Geneva. Once the Convention secretariat has implemented its own management information system, further adjustments to this pattern are being considered to ensure self-sufficiency in administrative matters.

47. All administrative staff and services will be charged to overheads, including the programme administrative teams (PAT) that are gradually being placed under the responsibility of programme coordinators. PATs consisting of one professional officer and general service staff will assist coordinators in managing the human and financial resources of the programmes, and perform a variety of programme support and administration activities including monitoring and certifying programme expenditures; initiating and processing administrative transactions of programmes, such as hiring of personnel, preparing contracts for consultants, organizing travel; providing guidance to programme staff on routine administrative matters.

V. TRUST FUND FOR PARTICIPATION IN THE UNFCCC PROCESS

48. Table 12 contains resource requirements for the Trust Fund for Participation in the UNFCCC process.

Table 12. Resource requirements for the Trust Fund for Participation in the UNFCCC Process

(thousands of United States dollars)

Item of expenditure	2002	2003
A. Support for eligible Parties to participate in one two-week session of the subsidiary bodies	630.0	630.0
B. Support for eligible Parties to participate in one two-week session of the COP and its subsidiary bodies ^a	855.0	855.0
Subtotal	1,485.0	1,485.0
Overhead charge ^b	193.1	193.1
TOTAL	1,678.1	1,678.1

^a Includes funding for a second delegate from least developed countries and small island developing States, in accordance with the practice followed at all meetings of the COP to date.

^b Standard 13 per cent applied by the United Nations for administrative support.

Annex**METHODOLOGY****A. Staff costs**

49. The figures below have been used for calculating staff costs (US\$):

Level	2002-2003 costs per post type (US\$)
ASG	168,900
D-2	150,600
D-1	142,500
P-5	131,200
P-4	115,500
P-3	96,100
P-2	77,800
GS	55,100

50. The figures used in the document are similar to the figures used in calculating the 2000-2001 budget, as no significant increase is expected in 2002-2003.

51. All new posts have been budgeted at 75 per cent in the year they start, assuming that posts will be filled after an average of three months.

B. General temporary assistance

52. General temporary assistance (GTA) expenses have been calculated at the rate of 2.1 per cent of salary and common staff costs of established posts. Amounts have been assigned at the programme level.

53. Conference Affairs has been allocated an additional six months of GTA per year to cover assistance in processing documents, as well as an additional US\$ 150,000 per year to cover the hiring of temporary staff during sessions.

C. Overtime

54. Overtime expenses have been calculated at the rate of 3.3 weeks per GS staff member per annum. Amounts have been assigned at the programme level.

D. Consultants

55. Consultant expenses have been calculated at the rate of an average of US\$ 8,000 per month per consultant. This figure includes travel expenses. Amounts have been assigned at the programme level. The number of consultants takes account of requests made by managers.

E. Experts

56. Within the secretariat, experts are defined as individuals taking part in technical review and expert group meetings. In 2002-2003, the number of experts has been estimated based on the projected number of IDRs of Annex I national communications, technical reviews of GHG inventories and sessions of the Consultative Group of Experts on Non-Annex I national communications (CGE). The average cost of each expert's travel and DSA is estimated at US\$ 4,000.

F. Travel of staff

57. Travel expenses have been calculated using the average costs per mission and based on the projected number of annual missions per staff member according to their grades and typical destinations.

G. Secretariat-wide support costs

58. The amounts are based on the actual expenditures in the current biennium and the specific requirements for the period 2002-2003.

Figure 1. PROPOSED PROGRAMME STRUCTURE FOR THE BIENNIUM 2002-2003

