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ADMINISTRATIVE AND FINANCIAL MATTERS

PROGRAMME BUDGET FOR THE BIENNIUM 2004–2005

Proposed programme budget of the UNFCCC secretariat

Note by the Executive Secretary*

Summary

This document contains the programme budget of the secretariat for the biennium 2004–2005 proposed by the Executive Secretary for consideration by the Subsidiary Body for Implementation at its eighteenth session and for adoption by the Conference of the Parties at its ninth session. It should be considered in conjunction with document FCCC/SBI/2003/5/Add.1, which provides details of the work programme and resource requirements.

* Submission of this document was delayed because internal consultations took more time than had been anticipated.

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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 COP 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 (decision 15/CP.1, annex I, paragraphs 3 and 4).¹

2. The COP at its eighth session requested the Executive Secretary to submit a programme budget proposal to the Subsidiary Body for Implementation (SBI) at its eighteenth session. It specified that this proposal should include a contingency for conference services in case the General Assembly at its fifty-eighth session should decide not to include the needs of the secretariat in its regular budget for the biennium 2004–2005. It also requested the SBI to recommend a programme budget for adoption by the COP at its ninth session (decision 16/CP.8, paragraphs 13 and 14).²

B. Scope of the note

3. This document contains the programme budget of the secretariat for the biennium 2004–2005 proposed by the Executive Secretary for consideration by the SBI at its eighteenth session, and for adoption by the COP at its ninth session on the basis of a recommendation by the SBI. A summary of the work programme and resource requirements is contained in document FCCC/SBI/2003/5/Add.1.

4. This proposal consists of:

(a) An overview on planning and assumptions, including an explanation of the programme structure (chapter II);

(b) Comments on resource requirements from the core budget for the biennium and accompanying tables showing the proposed core budget by programme and by object of expenditure, the proposed staffing table financed by that budget, and comparisons with previous budget periods (chapter III with tables 1–5);

(c) An analysis of the resource requirements for the work relating to the Kyoto Protocol and a proposal on how to treat these (chapter IV with tables 6 and 7);

(d) A contingency budget for conference services (chapter V with table 8) and comments on a possible contingency for a move to the new United Nations campus in Bonn;

(e) Estimates of resource requirements for the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities (chapter VI with table 9, and chapter VII with table 10).

The document also contains an indication of the planned use of programme support charges (overheads) that the secretariat expects to receive from the United Nations (chapter VIII with tables 11 and 12).

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

² For decisions adopted by the COP at its eighth session, see document FCCC/CP/2002/7/Add.1.

C. Possible action by the SBI

5. As noted in paragraph 2 above, the SBI has been requested by the COP at its eighth session to recommend to the COP at its ninth session a programme budget for the forthcoming biennium. To facilitate the review and consideration of the proposal made by the Executive Secretary, the Chair of the SBI may wish to establish a consultative process at the start of SBI 18. She may also wish to invite the Chair 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 of the programme budget relevant to the work of the SBSTA.

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

(a) To recommend to the COP at its ninth session a total programme budget for the biennium 2004–2005, and a secretariat-wide staffing table broken down by level of posts (see tables 1 and 3);

(b) To recommend to the COP at its ninth session that approved levels of resources be included in the programme budget for servicing meetings of the Convention bodies, should the General Assembly at its fifty-eighth session not provide for this in the regular budget of the United Nations for the biennium 2004–2005;

(c) To request the secretariat to prepare a draft decision on the programme budget for the biennium 2004–2005, which incorporates costs of activities relating to the Kyoto Protocol, for adoption by the COP at its ninth session;

(d) To authorize the Executive Secretary to notify Parties of their 2004 contributions on the basis of the budget recommended by the SBI at its eighteenth session;

(e) To take note of the requirements for the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities.

II. OVERVIEW

A. Planning and assumptions

7. Since the United Nations Framework Convention on Climate Change (UNFCCC) was adopted in 1992 it has grown into a powerful tool for dealing with the long-term problem of climate change. Decisions have been taken by the COP at its subsequent sessions to put into place the instruments to support Parties in achieving the objective of the Convention, including the adoption of the Kyoto Protocol. These decisions, which include agreements on concrete action programmes, for example for capacity-building and for outreach, and declarations, such as the recent Delhi Declaration, have resulted in a challenging body of work for the secretariat to support Parties in their common present and future efforts.

8. It is expected that the biennium 2004–2005 will be marked by an emphasis on implementation and by advancing the development–climate relationship. This implies that the secretariat, in addition to supporting Parties in the intergovernmental process, will be more involved in facilitating the implementation efforts of Parties through, inter alia, providing accurate and reliable information on achievements by Parties, working with implementing agencies and institutions to enhance effective and cooperative action, and providing accessible information to those engaged in implementation.

9. Review of national communications and inventories of Parties included in Annex I to the Convention will increase in intensity and importance. The greenhouse gas (GHG) database will be

further developed and maintained to become the authoritative source of data and information on trends and projections in emissions. The question of accessibility of the data will receive special attention.

10. The information included in the national communications of Parties not included in Annex I to the Convention (non-Annex I Parties) will be more actively used to assist those Parties in finding support for integrating climate change and development when implementing the Convention. The secretariat will strengthen collaboration with the Global Environment Facility (GEF) secretariat in order to advance Convention interests.

11. Enhanced emphasis on development aspects will also be reflected in a more coordinated and in-depth approach to adaptation and vulnerability, building on the national communications, in particular of non-Annex I Parties, and the national adaptation programmes of action (NAPAs) under development in the least developed countries.

12. The analytical capacity of the secretariat will thus be strengthened with a view to providing Parties with adequate information, including economic analysis of mitigation and adaptation options, relating to implementation and possible future developments.

13. Throughout the secretariat, a more pro-active approach will be pursued to assisting Parties in the implementation of the capacity-building frameworks adopted by the COP at its seventh session, for example, through facilitating effective inter-agency cooperation.

14. Another key role for the secretariat will be work relating to impacts, vulnerability and adaptation to climate change by means of catalysing the work of other organizations in these areas. The secretariat could, in particular, support least developed countries with the preparation of their NAPAs and also facilitate the implementation of the least developed countries work programme. Parties also need better information on the financing available for the implementation of climate change activities.

15. The secretariat realizes the need to build its own capacity, especially in the areas of conference and information services, to keep pace with an anticipated increased level of intergovernmental activities. New resources will be required in 2004–2005 with a view to modestly enhancing human resources and information technology in these areas.

16. It is assumed that the Kyoto Protocol will enter into force some time during the biennium. Given the strong and deliberate interrelationship of the two instruments and the corresponding cost-effective infrastructure in the secretariat, a single budget is presented. It is noted that some resources in the core budget relate to the Kyoto Protocol. These resources have been identified in chapter IV of this document and the programme of work (FCCC/SBI/2003/5/Add.1), so that only Parties which have ratified the Protocol would make contributions to these costs.

B. Programme structure

17. The structure of the secretariat's proposed work programme is similar to that presented to the SBI at its fourteenth session in July 2001, upon which the COP approved the budget appropriations for the biennium 2002–2003.³ The work of the secretariat in carrying out the mandates assigned by the COP and its subsidiary bodies is undertaken by six programmes: Executive Direction and Management; Intergovernmental and Conference Affairs; Cooperative Mechanisms; Implementation; Methods, Inventories and Science; and Sustainable Development.

³ A slight change to the budget structure has been made to include the resources for conference services in the ICA programme, instead of showing it separately.

18. **Executive Direction and Management (EDM)** comprises the functions and staff of the Executive Secretary and the Deputy Executive Secretary, who have the responsibility for the overall management of the secretariat, for promoting coherence in the secretariat's work and ensuring its responsiveness to the needs of the Parties. They chair internal management processes that advance these aims and facilitate the collegial management of the secretariat. Together with the Secretary to the COP, they also provide advice and support to the President and the Bureau of the COP, undertake analysis of emerging policy issues, coordinate the secretariat's representational and outreach activities, and oversee the work of the Administrative Services and Information Services.

(a) **Administrative Services (AS)** is responsible for the overall administration of the secretariat, and in that capacity develops and manages the implementation of administrative policies and systems in the areas of finance, budget, human resources and procurement and general services. In coordination with programmes, it ensures standard implementation of, and compliance with, policies, rules and regulations, and procedures governing the respective administrative areas of work. AS manages secretariat-wide operating costs from the core budget. Staffing and related costs of AS are funded from overheads (see chapter VIII);

(b) **Information Services (IS)** is responsible for the information and communication technology used by Parties at conferences and workshops, and by the secretariat. These services ensure that Parties have access to official documents and other information through the secretariat's web site, www.unfccc.int, and that the secretariat's knowledge management infrastructure and systems are in place. The UNFCCC Library supports secretariat programmes and responds to queries from the public about the climate change process. IS responds to requests from the media and accredited journalists and media representatives at conferences, and produces a range of publications about the Convention process in cooperation with other organizations.

19. **Intergovernmental and Conference Affairs (ICA)** coordinates the secretariat's support to the intergovernmental process. It assists the President in the planning and organization of sessions of the COP and meetings of its Bureau and of informal high-level consultations of ministers and senior officials. It also provides legal advice to the President of the COP and the Bureau, Parties, the secretariat and observer States on the procedural, conceptual and institutional issues concerning implementation, interpretation and application of provisions of the Convention and the Protocol as well as on the secretariat's operations. The ICA programme is responsible for providing conference facilities and services for all sessions of the intergovernmental bodies and for workshops. It liaises with Parties, Observer States and Observer organizations, conducts the registration of participants to sessions of Convention bodies, coordinates special events and arranges for funding and travel support for participants from eligible Parties. The ICA programme is also responsible for planning, editing and coordinating the production and dissemination of official documents. The head of the programme serves as the Secretary of the COP.

20. **Cooperative Mechanisms (COOP)** continues to assist Parties in implementing the mechanisms under the Kyoto Protocol. This involves support relating to project-based mechanisms, particularly to the clean development mechanism (CDM) and its Executive Board and, upon entry into force of the Protocol, to the Supervisory Committee for projects under Article 6 of the Protocol. The work of the COOP programme on emissions trading and registries is focused on establishing the system for accounting for transfers. Capacity-building is facilitated and up-to-date information provided to Parties and interested actors, including on activities implemented jointly (AIJ) under the pilot phase. For this purpose, special modules on the UNFCCC web site are maintained relating to the CDM, projects under Article 6 of the Kyoto Protocol, and emissions trading and registries.

21. **Implementation (IMP)** provides overall support on issues relating to the implementation of the Convention. For the non-Annex I Parties it provides substantive support to the national communication

process including work on guidelines, compilation and synthesis of information provided in national communications and the work of the Consultative Group of Experts on National Communications from non-Annex I Parties. The programme also supports review and consideration of national communications from Annex I Parties, including their in-depth reviews, as well as other activities, such as work on best practices in policies and measures of Annex I Parties. The programme further ensures effective liaison with the GEF as an operating entity of the financial mechanism of the Convention and provides support for constructive approaches to enhancing collaboration with the business community on activities relating to adaptation to and mitigation of climate change. The head of this programme coordinates the secretariat's support for the SBI and its officers.

22. **Methods, Inventories and Science (MIS)** facilitates the flow of scientific information into the Convention process in collaboration with scientific organizations and secretariats of other conventions. It analyses and synthesizes information on methods relating to GHG inventories, land use and land-use change and forestry, climate change impacts, and vulnerability and adaptation, so as to ensure that Parties are equipped with methods to respond to decisions of the COP in a transparent and consistent manner. The MIS programme supports the efforts of Parties to report GHG inventory data in accordance with guidelines, and coordinates the annual technical review of GHG inventories by expert review teams. It also ensures the maintenance of reliable and comprehensive information on GHG emissions and removals and trends, and the provision of this information to Parties. The head of this programme coordinates the secretariat's support for the SBSTA and its officers.

23. **Sustainable Development (SD)** fosters the integration of sustainable development and climate change priorities. It continues to support Parties and the Expert Group on Technology Transfer (EGTT) in identifying options to promote the development and transfer of technologies, including broadening access of Parties to information on technologies. It supports intergovernmental work relating to adverse effects of climate change and adaptation strategies, and facilitates the implementation of the work programme for the least developed countries, in particular the preparation and implementation of NAPAs and the work of the least developed countries Expert Group (LEG). The SD programme further supports the implementation of the capacity-building frameworks in developing countries and in countries with economies in transition, as well as the New Delhi Work Programme on Article 6 of the Convention. The programme also seeks consistency in, and facilitates the provision of support for, capacity-building by partner organizations.

III. RESOURCE REQUIREMENTS

A. Total requirements

24. This proposal seeks 10 additional posts in the professional category and nine in the general service category (see table 1). Of these, four professional posts and one GS post will start in the second year of the biennium. The location of these additional posts is identified in the summary presentation of the work programme (FCCC/SBI/2003/5/Add.1). A comparison of staffing levels in the last years of previous bienniums is provided in table 2, for ease of reference.

25. Total programme expenditures from the core budget for the biennium 2004–2005, excluding the conference services contingency, are estimated at US\$ 37.1 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\$ 42.3 million. The deduction of the contribution from the host government, equivalent to US\$ 1.6 million, would set the “bottom line” – the total amount to be contributed by Parties according to the revised indicative scale – at US\$ 40.7 million (see table 3).

26. The expansion of the secretariat and the evolution of its mandate over the years, coupled with the need to locate staff in two separate premises, has already caused budgetary pressure in the secretariat-wide operating costs, particularly regarding the management of common premises. In view of this, and due to the fluctuation of the exchange rate, it has become necessary to increase the secretariat-wide support budget.
27. Under information technology, it is proposed to shift to the core budget the position of network administrator at the P-3 level in 2004, currently funded from overheads, and a GS post for computer support in 2005, currently funded from the Bonn Fund. It is further proposed to shift the P-2 post from supplementary funds to the core budget to support knowledge management activities of the secretariat. The budget for purchase of computer software and hardware has also been increased to cater for additional users and replacement of obsolete equipment with newer technology. Additionally, US\$ 200,000 is being sought to expand the work on public information.
28. In the area of conference services, the volume of work handled by the editorial and the external relations teams has increased steadily over the years, requiring an additional editor at the P-3 level in 2005 and two new GS staff to assist in registration and liaison with NGOs. In addition, it is proposed to shift one editorial post at the P-2 level currently funded from the special contribution of Germany (Bonn Fund) to the core budget so as to devote the Bonn Fund more fully to conference-related services to meet the steady rise in costs for rental, fit-out of premises and logistics.
29. Two new GS posts are proposed in the COOP programme to provide secretarial and documentation support to work relating to project-based mechanisms and emissions trading. In addition, a new P-2 position is proposed in 2005 to strengthen the emissions trading and registry subprogramme.
30. In the IMP programme, it is proposed to shift one GS post, currently funded from supplementary funds, to the core budget. This will strengthen the Annex I implementation subprogramme in assisting Parties with assessing progress in the implementation of the Convention and with the preparatory work on future implementation.
31. In the MIS programme it is proposed to integrate into the core budget a P-4, a P-3 and a GS post to continue with work relating to GHG inventories and land use, land-use change and forestry. These posts were initially included in the budget proposal for 2002–2003, but were removed from the core budget as contributions to the Trust Fund for Supplementary Activities were pledged for this purpose. As these funds will be exhausted in 2004, it is proposed that two of the three posts (P-3 and GS) be transferred to the core in 2004 and the remaining P-4 post in 2005. In addition, one P-3 and one P-2 post in the inventories subprogramme are proposed to be abolished and to be replaced by a P-4 and a P-3, respectively, to reflect the increased level of responsibilities.
32. Additional resources of US\$ 300,000 have been proposed for consultants, of which US\$ 200,000 will be used to assist the GHG Inventories subprogramme in the development and maintenance of the GHG database and related software. The continuation of providing training to experts and lead reviewers requires approximately US\$ 608,000 for the biennium under the same subprogramme.
33. The need to coordinate and strengthen the secretariat's work on capacity-building, on Article 6 of the Convention and on work relating to adaptation requires the establishment of five new posts – three professionals and two GS – in the SD programme.
34. The above-mentioned requirements mean a 20 per cent increase over the budget approved for 2002–2003. A mandatory increase of nine per cent has also been added to reflect increases in salaries and common staff costs. This increase follows the revision of the salary scales and other entitlements as well as a drop in value of the United States dollar in comparison to the euro. In this case, the secretariat

has no choice other than to reflect the costs prevailing in the United Nations system. This brings the total increase of the proposed budget over the budget approved for 2002–2003 to 29 per cent.

B. Boundary conditions

35. As indicated above, this proposal does not seek new resources to support activities directly relating to the entry into force of the Kyoto Protocol. Instead, it proposes to use existing resources in the COOP programme to perform the function relating to the clean development mechanisms (CDM), Article 6, and emissions trading and registries. In order to provide the full range of services required by the relevant mandates, resources must become available through contributions to the Trust Fund for Supplementary Activities, fees and, eventually, shares of the proceeds to cover administrative costs of the CDM.

36. During the course of the biennium, resources may be redeployed towards activities relating to the Kyoto Protocol. For example, the current resources available for emerging issues will be used to continue undertaking analysis and advising the Executive Secretary on emerging policy issues, with the understanding that the same resources will be redeployed later in the biennium to support the work relating to compliance.

37. The number of senior positions (P-5 and above) is kept at the same level as in 2002–2003. All the new posts are at P-4 or below (see table 1).

38. No major increase is sought for staff travel costs. The modest increase is in line with the proposed change in numbers of staff.

39. Costs for 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.

40. Other than the contribution to the management of the common premises, increases to the secretariat-wide general operational expenses, acquisition of equipment and furniture, supplies and contractual services, have been kept to the minimum.

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

	2003	2004	2005
Professional category and above			
ASG	1	1	1
D-2	4	4	4
D-1	6	6	6
P-5	8	8	8
P-4	18	19	21
P-3	25	30	31
P-2	9	9	10
Total Professional category and above	71	77	81
Total General Service category	39.5	47.5	48.5
TOTAL	110.5	124.5	129.5

Table 2. Comparisons of staffing in the last year of each biennium

	1997	1999	2001	2003	2005 (proposed)
Professional category and above					
Number of posts	31	41	56	71	81
Increase relative to previous biennium	--	32.3%	36.6%	26.8%	14.1%
General service category					
Number of posts	19	22	29	39.5	48.5
Increase relative to previous biennium	--	15.8%	31.8%	36.2%	22.8%
All staff					
Number of posts	50	63	85	110.5	129.5
Increase relative to previous biennium	--	26%	35%	30%	17%

Table 3. Proposed programme budget for the biennium 2004–2005*(thousands of United States dollars)*

Expenditure	2004	2005	2004–2005 Total
A. Programme appropriations			
Executive Direction and Management	2,034.2	2,034.2	4,068.4
Administrative Services ^a	--	--	--
Information Services	2,594.4	2,660.1	5,254.5
Intergovernmental and Conference Affairs	2,204.6	2,311.6	4,516.2
Cooperative Mechanisms	1,442.7	1,529.4	2,972.1
Implementation	2,687.2	2,687.1	5,374.3
Methods, Inventories and Science	3,592.5	3,731.2	7,323.7
Sustainable Development	1,842.8	1,974.3	3,817.1
B. Secretariat-wide operating costs ^b	1,885.0	1,885.0	3,770.0
Proposed programme expenditures (A+B)	18,283.4	18,813.0	37,096.4
C. Programme support charge (overhead) ^c	2,376.8	2,445.7	4,822.5
D. Working capital reserve ^d	342.6	49.7	392.3
TOTAL BUDGET (lines A+B+C+D)	21,002.8	21,308.4	42,311.2
Contribution from the host government ^e	825.5	825.6	1,651.1
INDICATIVE CONTRIBUTIONS	20,177.3	20,482.8	40,660.1
TOTAL INCOME	21,002.8	21,308.4	42,311.2

^a Administrative Services is 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 11 and 12.^d In accordance with the financial procedures (decision 15/CP.1, annex I, paragraph 14). This will bring the working capital reserve to US\$ 1,714.8 in 2004 and US\$ 1,764.5 in 2005.^e Equivalent to EUR 766,938, based on the United Nations rate of exchange prevailing in March 2003.

41. 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 2004–2005.

Table 4. Resource requirements from the core budget by object of expenditure
(thousands of United States dollars)

Object of expenditure	2000–2001	2002–2003	2004–2005 (proposed)
Staff costs	16,407.5	20,423.8	26,360.2
Consultants	1,412.0	1,412.0	1,933.0
Travel on official business	1,506.3	1,490.8	1,726.2
Expert groups	210.0	1,253.8	1,544.0
General operating expenses	635.0	1,008.0	1,128.0
Supplies and materials	230.0	140.0	410.0
Acquisition of furniture and equipment	672.2	716.0	1,015.0
Contractual services			
External printing and other	150.0	180.0	180.0
Training	380.0	500.0	600.0
Contributions to common services	1,075.0	1,000.0	1,500.0
Grants and contributions (IPCC)	1,000.0	700.0	700.0
Preparations for COP 6	885.0	--	--
Total programme expenditures	24,563.0	28,824.4	37,096.4

42. Table 5 shows the approved budgets for the preceding bienniums and the proposed budget for 2004–2005.

Table 5. Comparison of approved budgets from previous biennium

	1996–1997	1998–1999	2000–2001	2002–2003	2004–2005 (proposed)
Approved budget, US\$	15,627,400	18,661,800	24,562,956	28,824,427	37,096,386
Percentage increase relative to previous biennium	--	19.4%	31.6%	17.3%	28.7%

IV. RESOURCE REQUIREMENTS FOR WORK RELATING TO THE KYOTO PROTOCOL

A. Introduction

43. Since its establishment, the secretariat has developed its capacity to facilitate the negotiations under the climate change process. The resources proposed in the programme budget for 2004–2005 are intended to maintain and strengthen the existing capacity irrespective of whether the Kyoto Protocol enters into force in the foreseeable future or not. Indeed, even activities that are directly related to the Kyoto Protocol, such as facilitating the prompt start of the CDM, are being performed under the auspices of the COP.

44. However, as indicated earlier, this proposal is based on the assumption that the Kyoto Protocol will enter into force some time during the biennium. To this end, an attempt has been made to separate the costs of the activities that are directly related to the Protocol, with a view to upholding the principle that Parties to the Kyoto Protocol meet the relevant costs. The analysis is made up of three components relating to the costs of (a) cooperative mechanisms and compliance (b) activities performed by other technical programmes, and (c) support provided by non-technical programmes.

B. Analysis of the work programme

1. Cooperative mechanisms and compliance

45. It is difficult to separate, with precision, the activities and the associated resources proposed for programmes in 2004–2005 between the Convention and the Protocol. Moreover, activities which are expected to provide a solid base for the implementation of the Protocol, once it comes into force, are currently being performed to develop the Convention process and are under the governance of the Conference of the Parties. Even activities which are explicitly based on the Kyoto Protocol, such as cooperative mechanisms and compliance, address a number of issues which are also relevant for further policy development under the Convention.

46. However, if a line of separation is to be drawn, all resource requirements under the Cooperative Mechanisms programme, with the exception of those for work on AIJ under the pilot phase, may be identified as being directly linked to the Protocol.

47. Similarly, the resources available under the Emerging Issues Unit in EDM will be redeployed later in the biennium to support work relating to compliance under the Protocol. Although the exact time for such deployment is not yet clearly known, it is assumed that half of the staff time proposed for this unit in 2004–2005 and the entire budget for travel of experts will be devoted to work relating to compliance under the Protocol.

48. Based on this approach, US\$ 3,235,000 will be required to undertake work relating to the Kyoto Protocol (see component A of table 6).

2. Other technical programmes

49. It is even more difficult to separate the Convention and Protocol activities performed by the IMP, MIS and SD programmes. Although most of these activities are expected to provide a solid base for the implementation of the Protocol once it comes into force, they are currently being performed to develop the Convention process.

50. It is envisaged that the IMP programme may be requested to develop relevant tools for Parties to report on demonstrable progress pursuant to Article 3.2 of the Protocol. Work relating to national communications, particularly on new data on international activities and on the impact of new policies and measures on the Kyoto Protocol regime, may start some time during the second half of the biennium.

The resources required for these initiatives are estimated at 10 per cent of the time of the Annex I subprogramme and 5 per cent of the management and coordination team.

51. Under the MIS/Methods subprogramme the main activity relating to the Kyoto Protocol is “the updating of the technical guidelines on adjustments to include LULUCF” under Article 5.2. It is estimated that 50 per cent of one staff member’s time and about 10 per cent of the budget for experts, consultants and staff travel will be required to perform this activity.

52. The team in the MIS/Inventories subprogramme will be engaged in the arrangements for 12 review visits. Although eight in-country visits occur annually as part of the inventory review under the Convention, it is anticipated that the pre-commitment period review will require four additional visits per year. Thus, four of these visits are considered exclusively related to the pre-commitment period review under Article 8 of the Kyoto Protocol that includes the base year inventories. Each team of reviewers will consist of one secretariat staff member and six experts. The resources required for the visits relate to travel costs of the team as well as staff time to support the review process. In addition, about 5 per cent of the time of the management and coordination team of MIS programme will be related to the Kyoto Protocol activities.

53. The SD programme will provide support in facilitating the implementation of capacity-building (decisions 2/CP.7 and 3/CP.7), technology transfer and Article 6 frameworks, while the respective programmes carry on specific technical activities, e.g. COOP with regard to the CDM. Consequently, it is estimated that 10 per cent of the total resources of the capacity-building and outreach team will be required for activities relating to the Protocol. In addition, 10 per cent of the work performed by the Technology subprogramme and about 5 per cent of the efforts in the coordination and management will be related to the Protocol.

54. Based on this analysis, the estimated direct costs of the activities of IMP, MIS and SD relating to the Kyoto Protocol amount to US\$ 803,951.

3. Non-technical programmes

55. The work undertaken in the office of the Executive Secretary and in the Intergovernmental and Conference Affairs programme, as well as that of the administrative and information support services, cannot be analysed in the same manner as work performed in other programmes. However, the designation of the Convention secretariat to serve as the secretariat of the Protocol will have an impact on the work of these programmes. The share of resources identified under the technical programmes, totalling 10.89 per cent of the proposed budget, may be used as an indicator for Protocol-related work in the non-technical programmes and is applied to their proposed direct costs, amounting to US\$ 1,831,226.

Table 6. Estimated costs for activities related to the Kyoto Protocol
(in United States dollars)

A. Cooperative Mechanism and Compliance	Cost
Compliance (EDM)	
Staff	480,000
Experts	280,000
Travel	30,000
Sub-total Compliance	790,000
Cooperative Mechanisms (COOP)	
Staff	2,055,000
Consultants	120,000
Experts	100,000
Travel	170,000
Subtotal COOP	2,445,000
TOTAL A	3,235,000
B. Other technical programmes	Cost
Implementation (IMP)	
<i>Management and Coordination</i>	
Staff	34,000
<i>Annex I subprogramme</i>	
Staff	150,000
Subtotal IMP	184,000
Methods, Inventories and Science (MIS)	
<i>Management and Coordination</i>	
Staff	34,000
<i>Methods subprogramme</i>	
Staff	85,000
Consultants	14,000
Experts	12,000
Travel	12,254
<i>Inventories subprogramme</i>	
Staff	163,197
Consultants	60,000
Experts	42,000
Travel	14,000
Subtotal MIS	436,451
Sustainable Development (SD)	
<i>Management and Coordination</i>	
Staff	29,000
<i>Capacity-building subprogramme</i>	
Staff	45,500
<i>Technology subprogramme</i>	
Staff	109,000
Subtotal SD	183,500
TOTAL B	803,951
C. Non-technical programmes	Cost
Executive Direction and Management (EDM)	356,952
Intergovernmental and Conference Affairs (ICA)	491,711
Information Support (IS)	572,095
Secretariat-wide costs	410,467
TOTAL C	1,831,226
GRAND TOTAL (A+B+C)	5,870,177

C. Conclusion

56. The net result of adding together the estimated costs of the Protocol-related activities of the technical programme and the non-technical programmes is US\$ 5,870,177 or 15.8 per cent of the total proposed programme expenditures of US\$37,096,386. As indicated in paragraph 25 and table 3 of this document, the total budget for the biennium 2004–2005, after adding the 13 per cent programme support costs and the adjustment to the working capital reserve, will be US\$ 42,311,186. Based on the above approach, the indicative contributions by Parties may be determined as follows:

Table 7. Distribution of indicative contributions
(*thousands of United States dollars*)

Source of income	
Voluntary contribution by the host government	1,651.1
Indicative contributions by all Parties to the Convention	33,666.5
Additional contributions by Parties to the Protocol	6,993.5
Total income	42,311.1

V. CONTINGENCIES

57. To date, the costs of conference services (mainly interpretation at meetings, translation of documents, and related services) to the Convention bodies have been met by the United Nations Office at Geneva (UNOG), financed from the regular budget of the United Nations adopted by the General Assembly. As in recent years, a contingency provision has been made in the proposed budget to cover the cost of such services in the event the General Assembly does not maintain its past practice.

58. The methodology used to calculate the costs of the conference services contingency differs from that used in the past in a number of respects. Although it continues to be based on the assumption that the annual calendar of meetings of Convention bodies will include two sessional periods of two weeks each (one of which would be a COP hosted by a government), it now uses standard cost figures employed by UNOG for conference services. It is envisaged that full conference services will be sought from the United Nations on a reimbursable basis so as to maintain the quality of translation and interpretation services. This means that no additional secretariat staff are requested. During the biennium, the services and needs will be assessed to determine if it is possible to provide the same level of service at less cost by, for example, use of private contractors. It should be recognized, however, that any use of private contractors would require additions to the approved staffing table so that the secretariat could carry out the necessary administrative and managerial tasks associated with such a contracting arrangement. The contingency is also based on the assumption that sessions of the COP/MOP and its subsidiary bodies would be accommodated within the conference services envelope of services and costs prevailing in past years.

59. The contingency for conference services would add US\$ 5.06 million for interpretation, documentation (including translation, reproduction and distribution) and meetings services support requirements, and US\$ 5.96 million to the bottom line (see table 8 below). The slight increase compared to previous years' contingencies (5.3 per cent over 2002–2003) is explained by the use of updated standard cost figures and by a slight increase in documentation volumes based on historical numbers.

Table 8. Resource requirements for the conference services contingency
(thousands of United States dollars)

Item of expenditure	2004	2005	Biennium total
Interpretation ^a	859.5	885.3	1 744.9
Documentation ^b			
Translation	1 067.9	1 100.0	2 167.9
Reproduction and distribution	368.7	379.8	748.5
Meetings services support ^c	197.0	202.9	400.0
Subtotal	2 493.2	2 568.0	5 061.3
Overhead charge ^d	324.1	333.8	658.0
Working capital reserve ^e	233.8	7.0	240.9
TOTAL	3 051.2	2 908.9	5 960.1

Assumptions used for calculating the conference services contingency budget include the following:

- The expected number of meetings with interpretation does not exceed 40 per session;
- The expected documentation volume is based on average output in the period 1997–2002, assuming about 1,400 pages annually for translation and revision, and a total of about 4,500 pages annually for reproduction and distribution; the number of copies produced per page is assumed to be around 2,000.
- Meetings services support includes staff normally provided by UNOG conference services for the in-session coordination and support of interpretation, translation and reproduction services.

Overall, the figures used are conservative and have been applied on the assumption that there will be no major increase in requirements during the biennium.

^a Includes salaries, travel and DSA for interpreters.

^b Includes all costs relating to the processing of pre-, in- and post-session documentation; translation costs include revision and typing of documents.

^c Includes salaries, travel and DSA for meetings services support staff and costs for shipment and telecommunications.

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

^e In accordance with paragraph 14 of the financial procedures. The 2004 amount has been calculated as 8.3 per cent of the subtotal and the overhead charge; the 2005 amount has been calculated as the amount required to bring the carried-over 2004 reserve to 8.3 per cent of the subtotal and overhead charge for 2005.

60. The move to the permanent accommodation for the offices of the United Nations agencies located in Bonn (the UN campus) may entail additional expenditures in 2005 to cover the costs of relocation, furniture, fixtures and fittings. It may also entail recurrent costs relating to the management of larger facilities. The secretariat will continue to negotiate with the host government in determining the costs and how they should be met. Depending on the outcome, the Executive Secretary may propose a slight amendment to the expenditures in 2005.

VI. TRUST FUND FOR PARTICIPATION IN THE UNFCCC PROCESS

61. The financial procedures of the Convention stipulate that in addition to contributions to the core budget, the resources of the Conference shall comprise “contributions to support the participation of the representatives of developing country Parties and of other Parties with economies in transition in the Conference of the Parties and its subsidiary bodies” (see financial procedures, decision 15/CP.1, annex I, paragraph 7 (c)). Table 9 shows resource requirements for the Trust Fund for Participation in the UNFCCC Process for the biennium 2004–2005.

Table 9. Resource requirements for the Trust Fund for Participation in the UNFCCC Process

(thousands of United States dollars)

Object of expenditure	2004	2005
Support for eligible Parties to participate in one two-week session of the subsidiary bodies	630.0	630.0
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.

VII. TRUST FUND FOR SUPPLEMENTARY ACTIVITIES

62. Preliminary indications of resource requirements for supplementary activities in 2004–2005 are provided in document FCCC/SBI/2003/5/Add.1. The information provided would enable Parties to see all the additional activities and resources required by the secretariat in order to implement more effectively the work programme for the biennium. It is expected that the deliberations at the eighteenth sessions of the subsidiary bodies will provide the secretariat with additional guidance regarding supplementary activities that should be given priority in 2004–2005, upon which more information will be provided to the SBI for consideration at its nineteenth session. Table 10 shows the estimated resource requirements for the Trust Fund for Supplementary Activities for the biennium 2004–2005.

Table 10. Resource requirements for the Trust Fund for Supplementary Activities
(thousands of United States dollars)

A. Workshops^a	
Twenty workshops at an average cost of US\$ 150,000 per workshop	3,000.0
Sub-total A	3,000.0
B. Additional activities to be undertaken by the secretariat	
Information support and products	450.0
Support for the functioning of the CDM Executive Board	6,118.2
Support for the functioning of the Kyoto Protocol Article 6 Supervisory Committee	2,046.0
Registries support and the development, testing and operation of the transaction log	2,727.6
Support for the production of the Report on Implementation	200.0
In-depth review of third national communications from Annex I Parties	210.0
Support to national communications information system, network and training	200.0
Support for the development of methods and guidelines under the Convention and work on submitted LULUCF data	100.0
Training of GHG inventories review experts	322.0
Purchase of specialized software for the maintenance/development of the database	80.0
Maintenance of the GHG database and its further development	210.0
Support for the implementation of capacity-building activities and Article 6 of the Convention	830.0
Support for the Implementation of Article 4.5 of the Convention	410.0
Support to the LEG and the preparation and implementation of NAPAs	590.0
Sub-total B	14,493.8
Total direct expenditures (A + B)	17,493.8
Programme support costs (13 per cent)	2,274.2
Working capital reserve ^b	987.4
GRAND TOTAL	20,755.4

^a The estimated number of workshops (20) proposed for the 2004–2005 biennium was based on average number of mandated workshops under the previous and current bienniums. These workshops cover various issues such as Article 6 of the Convention, national communications of non-Annex I Parties, technology transfer, capacity-building related to project based mechanisms, Article 4.8 and 4.9, etc.

^b In accordance with United Nations rules, the working capital reserve represents 15 per cent of one year's average expenditure, less the amount that has been accumulated so far for the same purpose.

VIII. OVERHEADS CHARGE AND ITS USE

63. In accordance with the financial procedures (decision 15/CP.1), 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. As indicated in document FCCC/SBI/2003/5/Add.1, the resource requirements for the Administrative Services of the secretariat are funded from the overheads.

64. Through its Administrative Services, the secretariat has gradually taken full responsibility for the preparation of its operational budget and related allotments; the procurement of goods and services; the arrangement for travel of staff and participants; and the recruitment and administration of staff and consultants. The United Nations returns a substantial portion of the overhead funds to the secretariat for the above purpose. The remainder covers the cost of providing audit, payroll, investment, and treasury

and accounting services by the United Nations Office at Geneva. The staffing and resource requirements, funded from overheads, are shown in tables 11 and 12, respectively. At this stage, the number of posts and the level of resources are indicative. The Executive Secretary will approve expenditures based on the actual income. Preparations are currently being made to implement the Finance Module of United Nations Integrated Management Information System (IMIS), using resources from the overhead fund. Once the IMIS is implemented, further adjustments to the current administrative arrangements with UNOG will be considered.

Table 11. Staffing requirements funded from overheads

	2003	2004	2005
Professional category and above			
D-1	1	1	1
P-5	1	1	1
P-4 – P-2	12	8	8
Total Professional category and above	14	10	10
Total General Service category	26	20	20
TOTAL	40	30	30

Table 12. Proposed resource requirements funded from overheads
(thousands of United States dollars)

Object of expenditure	2004	2005
Secretariat staff costs	2,400.0	2,400.0
Secretariat non-staff costs	205.0	205.0
Total secretariat costs	2,605.0	2,605.0
Services rendered by the United Nations	200.0	200.0
GRAND TOTAL	2,805.0	2,805.0
