

**Introductory remarks at SBI 40 on administrative and financial matters**

**Agenda item 18(a)**

**Financial Matters**

Thank you Mr. Chair.

It is my pleasure to present two documents under agenda item 18 (a), both of which are required under the financial procedures of the Convention.

The First document under this agenda item is document FCCC/SBI/2014/INF. 8, which provides information on the status of contributions as at 15 May 2014.

Since then **four** more member States have paid their contributions **increasing** the overall payment rate of the core budget **to 39** percent. I would like to take this opportunity to thank those Parties who made their contributions on time. Yet, **124** Parties to the Convention and **133** Parties to the Kyoto Protocol have outstanding contributions for

one or more years and I hope that this document will serve as a reminder to the Parties which have not yet paid their contributions to do so as soon as possible, bearing in mind that indicative contributions are due by 1 January of each year. I would like to underline how crucial timely contributions are for smooth operations and delivery of the secretariat's work, especially as by now, being halfway through the year, we have only received slightly more than a third of our core budget.

With regard to the contributions to the international transaction log, of the 37 Parties who agreed to share the costs, 31 have paid their contributions for 2014.

Contributions for 2014 amounting to USD 0.38 million have so far been received to the Trust Fund for Participation as at 15 May. These contributions together with the carry-over from the last biennium, have enabled the secretariat to provide support to delegates from eligible Parties to participate in the ADP and SBI sessions of the first half of 2014. Of particular and immediate concern is the insufficient

level of funds to cover the costs for participation of representatives of eligible Parties in the sessional meetings planned for the second half of this year, including the ADP sessions planned for the fall and COP 20. I would urge Parties in a position to do so, to contribute to the participation fund in support of these sessions.

Parties have contributed USD 5.5 million towards the Trust Fund for Supplementary Activities. The contributions are being used for a variety of mandated activities.

The second document FCCC/SBI/2014/INF.9 presents proposed changes to financial procedures required for the adoption of International Public Sector Accounting Standards (IPSAS). UNFCCC's first IPSAS compliant financial statements will be prepared for audit in April of 2015.

Finally, I would like to announce two recent changes to our administrative procedures. First for the Participation Fund, revised eligibility thresholds of USD 14,000 for **continental Parties** and USD

18,000 for Small Island Developing States and Bureau member Parties have been implemented as of January 2014 based on updated UN statistics.

Secondly, I would like to announce the implementation of cost recovery procedures with regards to side events and exhibits. Over the last several years the number of side event and exhibit applications processed by the secretariat has quadrupled and the secretariat has struggled to support this activity. The use of short term contractors funded by voluntary contributions results in costly staff turnover and budget unpredictability. It is inefficient and ineffective.

Therefore, in light of the important roles observers play through side events and exhibits and the need to stabilize the support to this effort I have decided to implement a cost recovery solution whereby organizers of side events or exhibits will be charged USD 1,000 per slot. Joint events or exhibits, which have been the trend, can share the cost among co-organizers.

It is important to underline that the USD 1,000 charge is not for rental of space or equipment as this is provided by the host government. The charge is to recover the increasing cost of conference support, coordination to include communication, selection and allocation of side events and exhibits and necessary logistical arrangements. I will organize a briefing on this solution, details of which will be announced in the Daily Programme

THANK YOU