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## **Subsidiary Body for Implementation**

**Thirty-sixth session**

**Bonn, 14–25 May 2012**

Item 19(f) of the provisional agenda

**Administrative, financial and institutional matters**

**Policy and budgetary implications of funding the travel and participation in meetings of the constituted bodies of all members and alternate members**

### **Report on the policy and budgetary implications of funding the travel and participation in meetings of the constituted bodies of all members and alternate members**

**Note by the secretariat**

#### *Summary*

This report was prepared in response to a request made by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its seventh session, for the secretariat to prepare a report on the policy and budgetary implications of funding the travel and participation in meetings of the constituted bodies of all members and alternate members for consideration by the Subsidiary Body for Implementation at its thirty-sixth session (see decision 12/CMP.7, para. 4).

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## I. Introduction

### A. Mandate

1. In decision 12/CMP.7, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) requested the secretariat to prepare a report for consideration by the Subsidiary Body for Implementation (SBI) at its thirty-sixth session on the policy and budgetary implications of funding the travel and participation in meetings of the constituted bodies of all members and alternate members.

### B. Scope of the note

2. This report focuses on the constituted bodies<sup>1</sup> under both the Convention and its Kyoto Protocol (the CDM Executive Board, the JISC, the Compliance Committee, the TEC, the Adaptation Committee and the Standing Committee on Finance).<sup>2</sup>

### C. Possible action by the Subsidiary Body for Implementation

3. The SBI may wish to consider the information presented and make recommendations to the COP and the CMP and/or provide guidance to the secretariat, as appropriate.

## II. Background

4. The issue of funding for travel-related expenditures of members and alternate members of constituted bodies has been considered and discussed by the SBI and the CMP in the past, specifically in relation to the CDM Executive Board, the JISC and the Compliance Committee. The discussions resulted in different approaches being applied to those bodies (see table 1 in the annex). When new constituted bodies have been established, in the absence of alternative guidance, the policy applied for the Trust Fund for Participation in the UNFCCC Process has been applied by default to those bodies,<sup>3</sup> including the established eligibility criteria for funding for travel-related expenditures.

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<sup>1</sup> It is recalled that while there is no formal definition, the term “constituted bodies” is a term of art, customarily used in the UNFCCC context to distinguish between the limited membership decision-making subsidiary bodies established under the Kyoto Protocol (the Executive Board of the clean development mechanism (CDM Executive Board), the Joint Implementation Supervisory Committee (JISC), the Compliance Committee of the Kyoto Protocol (the Compliance Committee) and the Adaptation Fund Board), and the supreme bodies under the Convention and its Kyoto Protocol (the Conference of the Parties (COP) and the CMP), the other subsidiary bodies (as defined under Article 7, paragraph 2, of the Convention and rule 2, paragraph 8, of the draft rules of procedure being applied (FCCC/CP/1996/2)) and the expert bodies (the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, the Least Developed Countries Expert Group and expert review teams under Article 8 of the Kyoto Protocol). The term “constituted bodies” can similarly be used to refer to limited membership subsidiary bodies established under the Convention (the Technology Executive Committee (TEC), the Standing Committee on Finance and the Adaptation Committee).

<sup>2</sup> The report does not include in the analysis the Adaptation Fund Board, since the Board is supported by the Global Environment Facility.

<sup>3</sup> Under this policy, funding is offered to delegates from eligible developing country Parties and Parties

5. As a result of past discussions, following a recommendation by the CDM Executive Board, the CMP requested the secretariat in decision 7/CMP.1, paragraph 17, to make appropriate arrangements, effective 1 January 2006, to remunerate members and alternate members of the Executive Board through an increased daily subsistence allowance that is 40 per cent more than the standard rate, not to exceed USD 5,000 per year.<sup>4</sup> Decision 7/CMP.1, paragraph 18, requested the secretariat to adjust UNFCCC practices so that the costs of travel and the daily subsistence allowance of all members and alternate members of the Executive Board would be covered from the part of the Trust Fund for Supplementary Activities dedicated to funding work on the CDM.

6. At its 25<sup>th</sup> meeting, in July 2006, the CDM Executive Board requested the secretariat, subject to the availability of resources, to follow the same United Nations rules and regulations as those applied to United Nations staff in relation to the travel of Board members and alternates.<sup>5</sup> In the light of the authority delegated to the CDM Executive Board in decision 7/CMP.1, paragraph 13, to define the services and administrative support functions required by the Board, the secretariat currently implements the request of the CDM Executive Board by according Board members and alternate members business class travel for air journeys of over nine hours duration when attending meetings of the Board, its panels and working groups.

7. More recently, in decision 11/CMP.7, paragraph 29, the CMP requested the secretariat to adjust UNFCCC practices so that the costs of travel and the daily subsistence allowance of all members and alternate members of the JISC be covered from the part of the Trust Fund for Supplementary Activities dedicated to funding work on joint implementation, subject to the availability of funding resources exclusively sourced from the joint implementation administrative fees.

8. With regard to the Compliance Committee, in its first annual report to the CMP<sup>6</sup> the plenary of the Committee highlighted that its members and alternate members are elected to serve in their individual capacities. In order for members and alternate members to maintain their independence, the plenary recommended that all members and alternate members receive support for their travel-related expenses. This is also to ensure that a quorum to adopt decisions is reached for Committee meetings and deliberations, which may be held at short notice. The plenary also recommended that, when the duration of a journey to meetings of the Compliance Committee is nine hours or longer, members and alternate members should travel business class. After considering this annual report, and following the SBI outcome described in paragraph 9 below, the CMP did not address this recommendation in its decisions.<sup>7</sup>

9. At its twenty-fifth session, the SBI took note of the information on the travel of members and alternate members of constituted bodies contained in document FCCC/SBI/2006/15, paragraphs 94–99, and concluded that the current practice<sup>8</sup> should be maintained. The SBI also acknowledged the request made to the secretariat relating to the CDM Executive Board (see paras. 5 and 6 above) and took note of the requests of the

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with economies in transition and is limited to an air ticket for the most direct route and at the least costly fare, plus daily subsistence allowance at the established United Nations rate.

<sup>4</sup> In decision 3/CMP.6, paragraph 70, the CMP decided to remove the cap of USD 5,000 per year effective 1 January 2011.

<sup>5</sup> Report of the 25<sup>th</sup> meeting of the CDM Executive Board, paragraph 117, available at <cdm.unfccc.int/EB/025/eb25rep.pdf>.

<sup>6</sup> See document FCCC/KP/CMP/2006/6, paragraph 26.

<sup>7</sup> See decision 4/CMP.2.

<sup>8</sup> The practice whereby funding is offered to delegates from eligible developing country Parties and Parties with economies in transition and is limited to an air ticket for the most direct route and at the least costly fare, plus daily subsistence allowance at the established United Nations rate.

Compliance Committee and the JISC (for the outcome in relation to the JISC, see para. 7 above).<sup>9</sup>

10. In 2007, in its second annual report to the CMP,<sup>10</sup> the plenary of the Compliance Committee further emphasized that the effective functioning of the Committee depends upon the independence of its members. It noted the nature of the Committee and the particular design and functions of the “Procedures and mechanisms relating to compliance under the Kyoto Protocol” (annex to decision 27/CMP.1), which require, for their effective functioning and for the quorum to be met, the availability of members and alternate members for meetings at very short notice (one to three weeks). In that context, the plenary submitted the following proposals to the CMP:

(a) In order to ensure the independence of all members and alternate members, the eligibility for funding related to the costs of travel and participation in meetings of the Committee should be extended to all members and alternate members of the Committee as soon as possible;

(b) As a temporary measure until such an extension of eligibility for funding is made, the secretariat should be authorized to consider, subject to the availability of resources and on a case-by-case basis, requests for funding related to travel and participation in meetings by members and alternate members who are currently not eligible for such funding. In the absence of sufficient funding related to participation in meetings, it may not be possible for members and alternate members to attend meetings of the Committee, which would endanger the effective functioning of the Committee;

(c) The travel of eligible members and alternate members should, subject to the availability of resources, follow the same United Nations rules and regulations on official travel as those applied to United Nations staff.

11. Having received the above request by the Compliance Committee, the CMP in decision 5/CMP.3, paragraph 3, requested the secretariat to provide information to Parties, in its preparation for the budget for the biennium 2010–2011, on the consequences of the proposal of the Compliance Committee to extend funding for the costs of travel and participation in meetings of the Committee to all its members and alternate members.

12. The following year, the CMP, in decision 4/CMP.4, paragraph 4, also requested that the secretariat provide information to Parties on the implications of the proposal by the Compliance Committee that the United Nations rules and regulations on official travel applied to United Nations staff also be applied to eligible members and alternate members of the Compliance Committee, with a view to the CMP considering this proposal at its fifth session, including taking any decision in this regard, as appropriate.

13. The above information was provided by the secretariat in document FCCC/SBI/2009/2, paragraphs 41–44. Having received such information, the SBI made no recommendations to the CMP in relation to the request of the Compliance Committee.

14. In its latest annual report to the CMP,<sup>11</sup> the Compliance Committee reiterated that in order for members and alternate members to maintain their independence, which is essential for the effective functioning of the Committee, and to ensure that a quorum to adopt decisions is reached at Committee meetings and that deliberations may be held at short notice, especially in the light of the increasing number of meetings of the enforcement

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<sup>9</sup> FCCC/SBI/2006/28, paragraph 124.

<sup>10</sup> FCCC/KP/CMP/2007/6, paragraphs 26 and 27.

<sup>11</sup> FCCC/KP/CMP/2011/5, paragraph 63.

branch,<sup>12</sup> the eligibility for funding related to the costs of travel and participation in meetings of the Committee should be extended to all members and alternate members.

15. In response, by decision 12/CMP.7, paragraph 4, the CMP took note of the proposal of the Compliance Committee to extend the eligibility for funding related to the costs of travel and participation in meetings of the Compliance Committee to all members and alternate members of the Committee, and requested the secretariat to prepare the present report on the policy and budgetary implications of funding the travel and participation in meetings of the constituted bodies of all members and alternate members for consideration by the SBI at its thirty-sixth session.

### **III. Budgetary implications**

16. Table 1 in the annex provides an overview of the current practice of funding travel-related expenditures of members of constituted bodies and their current funding sources.

17. Table 2 in the annex illustrates the budgetary implications (i.e. incremental cost) of extending the eligibility for funding the travel and participation in meetings of the constituted bodies of all members and alternate members.<sup>13</sup> The table provides the estimated incremental cost for one meeting of each of the constituted bodies as well as the total estimated incremental cost for the biennium, based on the number of planned meetings, for each constituted body.

18. The costs of travel and participation in meetings may vary depending on many factors, such as the location of the meeting, country of origin of the funded participants, number of meeting days, timing of the meeting (i.e. high or low season) and whether the meeting is held in conjunction with another meeting. All these variables make it difficult to provide precise estimates. This is even more challenging for the TEC, Adaptation Committee and Standing Committee on Finance, which were established recently by the COP and in some cases have yet to hold their first meeting. For that reason, table 2 provides a range in the estimated incremental costs for meetings of these constituted bodies. With regard to the Compliance Committee, the calculation of the estimated costs to extend the eligibility for funding the costs of travel and participation in meetings to all members and alternate members was based on the current composition of the Committee and on the assumption that all meetings will be held in Bonn, Germany.

### **IV. Policy implications**

19. The current practice relating to funding for travel-related expenditures of members and alternate members of constituted bodies, as well as any exceptions to it, is described in chapter II above. Any adjustments to such practice, such as the extension of funding to all members and alternate members of constituted bodies, would involve decisions by the COP and the CMP,<sup>14</sup> which could be based on a recommendation by the SBI.

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<sup>12</sup> In the biennium 2008–2009, the plenary of the Compliance Committee had two meetings, the enforcement branch had six meetings and the facilitative branch had two meetings. In the biennium 2010–2011, the plenary had three meetings, the enforcement branch had nine meetings and the facilitative branch had three meetings.

<sup>13</sup> Both the CDM Executive Board and the JISC were excluded from this analysis since the costs of travel and the daily subsistence allowance of all its members and alternate members are funded from CDM fees and from JI fees, respectively.

<sup>14</sup> While the request for this report is contained in a CMP decision (decision 12/CMP.7) and decisions relating to constituted bodies under the Kyoto Protocol would have to be taken by the CMP, the COP

20. In considering whether to recommend that the COP and the CMP extend funding to all members and alternate members of constituted bodies, the SBI may wish to determine whether the same practice should be consistently applied to all constituted bodies, or whether a case-by-case approach should be applied. Adopting the same approach for all existing constituted bodies would have policy and budgetary implications for bodies that may be established by either the COP or the CMP in the future.

21. A case-by-case consideration could take into account the similarities and differences between the various constituted bodies, including the following:

(a) Their specific mandates, for example whether they have decision-making or advisory functions;

(b) Mandated time frames, in particular for decision-making, and impacts that the policy on funding for participation may have on the ability of the body to function within those time frames and to discharge its mandate;

(c) Modus operandi, such as the possibility to take decisions by electronic means and to hold virtual meetings;

(d) Quorum rules, in particular impacts that the policy on funding for participation may have on the ability of the body to achieve a quorum for decision-making;

(e) The number and duration of meetings;

(f) Membership rules, for example whether members serve in their personal capacity and whether alternate membership is provided for;

(g) The sources of funding, such as income from fees, the core budget of the secretariat and voluntary contributions.

22. Guidelines may also need to be developed and adopted to deal with situations of limited availability of funds, as initial indications of supplementary funding for 2012 suggest potential shortfalls and competition for resources. A number of options are conceivable, of which some are mutually exclusive, including the following:

(a) Options for eligibility:

(i) Requests for funding from all members and alternate members to be treated equally;

(ii) Requests for funding from members and alternate members that are eligible under the Trust Fund for Participation in the UNFCCC Process to be given priority;

(iii) Requests for funding from members and alternate members that are not eligible for funding under the Trust Fund for Participation in the UNFCCC Process not to be considered;

(b) Options relating to funding for alternate members:

(i) Members to be given priority for funding over alternate members;

(ii) Alternate members to be given priority for funding in the absence of the members they are the alternate for;

(c) Options for the modalities of travel:

(i) Tickets to be provided for the most direct route and at the least costly fare;

(ii) Business class tickets to be provided for air journeys of over nine hours.

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would have to take decisions in relation to the constituted bodies established under the Convention.

23. Clear and pragmatic guidance by the SBI, the COP and the CMP will enable the secretariat to make the best use of available funds for the benefit of the intergovernmental process.



## Annex

### Overview of constituted bodies and budgetary implications of funding travel and participation in meetings

Table 1  
Overview of constituted bodies

<i>Constituted body<sup>a</sup></i>	<i>Selection of members</i>	<i>Current funding source</i>	<i>Practice of funding travel and DSA</i>	<i>Additional financial compensation</i>
CDM Executive Board	Nominated by constituencies identified in relevant CMP decisions; elected by the CMP	All meetings funded from CDM fees	All members and alternate members <sup>b</sup>	DSA increased by 40 per cent
Joint Implementation Supervisory Committee	Nominated by constituencies identified in relevant CMP decisions; elected by the CMP	All meetings funded from JI fees	All members and alternate members	None
Compliance Committee	Nominated by constituencies identified in relevant CMP decisions; elected by the CMP	50 per cent of the meetings funded from the core budget and 50 per cent from the Trust Fund for Supplementary Activities	Participants from eligible Parties <sup>c</sup>	None
Technology Executive Committee	Nominated by constituencies identified in relevant COP decisions; elected by the COP	Three meetings funded from the core budget and three from the Trust Fund for Supplementary Activities	Participants from eligible Parties <sup>c</sup>	None
Adaptation Committee	Nominated by constituencies identified in relevant COP decisions; elected by the COP	Three meetings funded from the Core Budget and one from the Trust Fund for Supplementary Activities	Participants from eligible Parties <sup>c</sup>	None
Standing Committee on Finance	Nominated by constituencies identified in relevant COP decisions; elected by the COP	Four meetings funded from the Trust Fund for Supplementary Activities <sup>d</sup>	Participants from eligible Parties <sup>c</sup>	None

*Abbreviations:* CDM = clean development mechanism, COP = Conference of the Parties, CMP = Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, DSA = daily subsistence allowance, JI = joint implementation.

<sup>a</sup> Excludes the Adaptation Fund Board, which is supported by the Global Environment Facility.

<sup>b</sup> Includes business class travel for air journeys of nine hours duration or more.

<sup>c</sup> Funding is offered to participants from eligible developing country Parties and eligible Parties with economies in transition and is limited to an air ticket for the most direct route and at the least costly fare, plus DSA at the established United Nations rate.

<sup>d</sup> The core budget of the secretariat for the biennium 2012–2013 does not include provisions to fund the meetings of the Standing Committee on Finance as the composition of this body had not been determined when the budget was agreed upon by the Parties to the Convention and its Kyoto Protocol. The COP, at its seventeenth session, decided that in the future the cost of meetings and the participation of members from developing country Parties will be included in the consideration of the core budget of the secretariat (decision 2/CP.17, para. 124).

Table 2

**Budgetary implications of funding the travel and participation in meetings of all members and alternate members of constituted bodies**

<i>Constituted body<sup>a</sup></i>	<i>Number of committee members</i>	<i>Estimated number of members eligible for funding</i>	<i>Estimated number of members not eligible for funding</i>	<i>Number of meetings planned for the 2012–2013 biennium</i>	<i>Estimated incremental cost to fund all members for one meeting<sup>b</sup> in EUR</i>	<i>Estimated incremental cost to fund all members for the biennium<sup>b</sup> in EUR</i>
Compliance Committee <sup>c</sup>						
Enforcement branch	20	14	6	8	13 200	105 600
Facilitative branch	20	11	9	2	19 800	39 600
Plenary <sup>d</sup>	40	25	15	2	7 080	14 160
Technology Executive Committee	20	11	9	6	22 500 to 31 500	135 000 to 189 000
Adaptation Committee	16	12	4	4	10 000 to 14 000	40 000 to 56 000
Standing Committee on Finance	20	10	10	4	25 000 to 35 000	100 000 to 140 000

*Abbreviations:* CDM = clean development mechanism, DSA = daily subsistence allowance, JI = joint implementation.

<sup>a</sup> Both the CDM Executive Board and the Joint Implementation Supervisory Committee were excluded from this analysis since the costs of travel and the DSA of all its members and alternate members are funded from CDM fees and from JI fees, respectively.

<sup>b</sup> Estimated costs vary depending on the location of the meeting, country of origin of the eligible funded participants, number of meeting days, timing of the meeting (i.e. peak or non-peak period) as well as if the meeting is held in conjunction with another meeting. Estimated costs for the Technology Executive Committee, Adaptation Committee and Standing Committee on Finance are based on projected average costs ranging from EUR 2,500 to EUR 3,500 per participant per meeting.

<sup>c</sup> Estimated costs for the Compliance Committee (i.e. EUR 2,200 per participant per meeting) are based on the current membership of the Committee and on the assumption that all meetings will be held in Bonn, Germany.

<sup>d</sup> Estimated costs are only for DSA in Bonn (i.e. EUR 236 per day) for two days, since plenary meetings are held in conjunction with branch meetings.