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ADMINISTRATIVE AND FINANCIAL MATTERS

Programme budget for 1998-1999: Perspectives on financial requirements

Note by the Executive Secretary

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I. INTRODUCTION

A. Mandate

1. The financial procedures for the Conference of the Parties (COP) provide that the COP shall consider a budget prepared by the Executive Secretary and shall adopt a budget by consensus prior to the commencement of the biennial financial period that it covers (see FCCC/CP/1995/7/Add.1, decision 15/CP.1). In anticipation of the presentation of a budget, the COP, in its decision 16/CP.2, paragraph 15, requested the Executive Secretary to provide the Subsidiary Body for Implementation (SBI) at its fifth session with some perspectives of estimated financial requirements for the biennium 1998-1999 (FCCC/CP/1996/5/Add.1). This note responds to that request, in the manner explained below.

B. Scope of the note

2. This note outlines the approach of the Executive Secretary to constructing a new work programme that aims to deliver the outputs demanded by the Parties in the next biennium and support the intergovernmental structure that they have put in place. The building blocks are subprogrammes corresponding to the main tasks that the secretariat is currently required to perform and are expected to continue through the next biennium. In defining the subprogrammes, an attempt has been made to anticipate the evolution of these tasks up to the end of the next biennium. The subprogrammes are structured in programmes which, while the same in number as in the current biennium, are different in composition. The new configuration seeks to respond more directly to the needs of the Convention bodies.

3. Uncertainties about the evolution of the secretariat's tasks have been highlighted. In the main, these concern the impact on programme content of the outcomes of deliberations and negotiations currently underway in all four subsidiary bodies. These outcomes may also affect the programme structure. Uncertainty also surrounds the future funding of conference services for the Convention bodies, which will be determined by decisions still to be taken in the context of the programme budget of the United Nations for the next biennium. In this latter case, alternative organizational options have been outlined.

4. The result is a paper that raises several questions about the content, extent and structure of the secretariat's work programme, questions on which positions need to be taken in order for the Executive Secretary to submit a programme budget to the SBI at its sixth session (SBI 6, July 1997). In so far as these questions cannot be answered by the time of that submission, it may be necessary to present a programme budget based on some alternative assumptions. While the Executive Secretary will be ready to propose a programme budget on the basis of his best judgement on these questions, he would prefer to proceed on the basis of advice from the Parties through the SBI.

5. In a first effort to seek the views of the Parties on the approach to the next programme budget, the Executive Secretary, in association with the Chairman of the SBI, convened an informal consultation with delegations on budgetary matters on the margin of the December 1996 sessions of the subsidiary bodies. That consultation gave useful pointers on the preparation of this note and on the process for considering and adopting the programme budget. On that occasion, representatives of Parties whose contributions account for a large share of the core budget of the Convention expressed a strong wish for broad estimates of resource requirements ("back-of-the-envelope" figures) to be made available to the SBI at its fifth session.

6. This view has been taken into account and, despite the above-mentioned uncertainties regarding the content of the programme, this note contains indicative estimates of staffing and financial requirements, stated in very broad terms. These estimates are preliminary; the requirements that will be presented to SBI 6 in the programme budget proposal of the Executive Secretary may differ. They are also incomplete, in that they do not yet include estimates of conference servicing costs in the event that these are not funded from the United Nations programme budget. Nevertheless, it is hoped that they will be useful to Parties in preparing for their later consideration of that proposal and will generate advice that will help the Executive Secretary to prepare the programme budget.

7. Following the above rationale, this note contains sections on the proposed programme structure and its content, building on "lessons learned" (section III), uncertainties and contingencies (section IV) and preliminary resource estimates for the core budget (section V). It also briefly reviews resource needs for the trust funds for participation and for supplementary activities (sections VI and VII respectively).

8. These sections are preceded by a proposal on the timetable and process for the consideration and adoption of the programme budget (section II). This proposal seeks to reconcile the formal requirement for the budget to be adopted by the COP, scheduled this year for December, with the need for the Parties to agree on the budget well before the end of the year, so as to enable the secretariat to plan its work for 1998 and notify the Parties in good time of contributions due on 1 January 1998.

C. Possible action by the Subsidiary Body for Implementation

9. The SBI may wish to:

(a) Endorse the timetable and process for the review and adoption of the programme budget for the biennium 1998-1999, proposed in section II below, and consider whether the process could be facilitated by informal consultations that could be convened by the Chairman of the SBI between its fifth and sixth sessions;

(b) Provide comments on the proposed structure and programme of work outlined in section III of this note and specific guidance on the issues outlined in section IV;

(c) Request the Executive Secretary to propose a programme budget for the biennium 1998-1999, for consideration by SBI 6, taking account of the views expressed by delegations at its fifth session and any conclusions reached.

II. TIMETABLE AND PROCESS

10. The following timetable and process are proposed for the consideration and adoption of the programme budget for the biennium 1998-1999:

(a) A comprehensive programme budget will be proposed by the Executive Secretary for consideration at SBI 6 (July 1997), which will complete its review of the budget at that session and recommend a budget decision to the COP for adoption;

(b) The recommended decision will follow the precedent of that adopted by the COP at its first session (COP 1) (FCCC/CP/1995/7/Add.1, decision 17/CP.1), providing a total budget with allocations by programme, a secretariat-wide staffing table broken down by level and a provision enabling the Executive Secretary to switch resources among programmes within limits;

(c) On account of prevailing uncertainties, some elements of the programme budget may have to be recommended by the SBI as contingencies, dependent on decisions of the COP at its third session (COP 3) or the United Nations General Assembly at its fifty-second session;

(d) On the basis of its recommended budget decision, the SBI will authorize the Executive Secretary to notify the Parties by 1 October 1997 of their indicative contributions due to the core budget by 1 January 1998;

(e) The decision on the programme budget will be adopted by COP 3 as recommended by the SBI, without modification except for adjustments resulting from other decisions of COP 3 or from decisions of the General Assembly;

(f) Information on financial performance in 1996-1997 will be provided to COP 3, in accordance with decision 16/CP.2, paragraph 14 (see FCCC/CP/1996/15/Add.1).

11. The SBI may also wish to consider whether agreement on a programme budget at its sixth session could be advanced by holding informal consultations on the subject between its fifth and sixth sessions. Such consultations could be convened by the Chairman of SBI, with the support of the Executive Secretary.

III. PERSPECTIVES ON THE PROGRAMME OF WORK

A. Lessons learned

(i) Flexibility

12. The work programme of the secretariat has evolved significantly since the programme budget for the biennium 1996-1997 was submitted to COP 1 two years ago. Indeed, adjustments to the content and structure of the work programme, and to staff deployment therein, had to be made even before the start of the biennium as a result of the decisions adopted by COP 1 - notably the decisions on the Berlin Mandate and on the location of the secretariat. This process of evolution and adaptation continues and is expected to be a normal feature of the operation of a secretariat that is responsive to the demands of an unfolding negotiating process.

13. Thus, the first lesson learned from the management of the current programme budget is the need for flexibility in deploying resources and staff to meet needs that are changing continually and sometimes unexpectedly. The provision of decision 17/CP.1 (paragraph 5) that permits the Executive Secretary to switch resources among programme areas, within limits, has fully proven its utility in this respect (see FCCC/CP/1995/7/Add.1).

14. In order to ensure that the starting point of the next programme budget is relevant to evolving needs, its content and structure have been redesigned from the bottom up. While experience and continuity have been given due consideration, current and expected tasks have been reassessed and a new set of subprogrammes defined in consequence. A bottom-up approach such as this has the advantage of avoiding the perpetuation of outdated mandates, which is a common failing of incremental programming. On the other hand, it places additional demands upon the imagination both of the secretariat that is preparing the programme and of the Governments that are considering it, since it does not necessarily refer to baselines in each programme and subprogramme. The only sure baseline in this approach is the "bottom line" - the total amount of resources included in the budget.

(ii) Focus

15. A second lesson learned concerns the advantage of clarity in arrangements for the provision of secretariat support to the Convention bodies. The present arrangement whereby a senior officer acts as coordinator of secretariat inputs to each of the four bodies, and of support to its chairperson, has proved its worth. On the other hand, the composition of the two main substantive programmes - Communication, Assessment and Review (CAR) and Financial and Technical Cooperation (FTC) - has required the programme coordinators and their team members to be at the disposal of both the standing subsidiary bodies - the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the SBI, which have complex and interlinked agendas. This has posed some problems of schedule management.

It has also diffused the secretariat's efforts to give focused support to the leadership of these two bodies.

16. It is felt that a programme structure that is more directly aligned with these two bodies will enhance the focus of the secretariat's support for them. This will not eliminate the need for "crossover" support that results from duplication in the agendas of these bodies (for example, on technology and on activities implemented jointly (AIJ)). It should, however, encourage the rationalization of these agendas and the development of an efficient division of labour between the two bodies, an aim that is to be addressed in the report requested of their chairmen by the COP at its second session (see FCCC/CP/1996/15/Add.1, section III, paragraph 4).

17. A different issue of focus is raised by the arrangements for providing secretariat support to the Ad Hoc Group on the Berlin Mandate (AGBM). While this is a successful example of a flexible response to the needs of the Parties, it has placed an unsustainable strain upon the capacity of the secretariat in other areas. Combining the responsibilities for support to an ad hoc intergovernmental process with other programme coordination responsibilities has diverted attention from the latter. This experience should not be repeated; any ad hoc intergovernmental process that may follow COP 3 will need a distinct support capacity.

(iii) Linkages

18. Recent experience has shown the difficulty of building substantive linkages between the secretariat's work and other intergovernmental processes on the basis of a subprogramme responsible for conference management and external relations. The pressures of the former function tend to prevail over efforts at the latter, the more so with the quantum leap in conference management responsibilities resulting from the relocation of the secretariat and the growing task of editing, translating and disseminating documentation. The alternative of placing responsibility for external linkages in substantive programmes has been more successful, as in the case of relations with the Intergovernmental Panel on Climate Change (IPCC) and the Global Environment Facility (GEF) - handled by the CAR and FTC programmes respectively. Consequently, the latter approach is followed in the new work programme, leaving the subprogramme responsible for conference management to handle external liaison with Parties and observers and to facilitate their participation in the Convention process.

(iv) Distance from conference service providers

19. The final lesson, hinted at above, is that the move of the secretariat away from Geneva has required it to dedicate resources to conference servicing tasks that complement those that continue to be provided by the United Nations Office in Geneva (UNOG). The implications of this separation are spelled out below. (See paragraphs 35 to 38.)

B. Programme structure and content

20. Drawing on these lessons, it is envisaged that the work of the secretariat for the biennium 1998-1999 will be organized in six programmes:

- (a) Policy-Making Organs;
- (b) Executive Direction and Management;
- (c) Science and Technology;
- (d) Implementation;
- (e) Conference Management and Information Services;
- (f) Resources, Planning and Coordination.

21. The first two of these are unchanged in concept from the current biennium. The remaining four result from the bottom-up reorganization. The content of these programmes is described briefly in this section and will be spelled out in due course in the programme budget.

(i) Staffing structure: senior posts

22. The programmes on Science and Technology and on Implementation will each be headed by a Coordinator at the D-2 level, subject to the maintenance of that level by COP 3. They will each also include one D-1 officer who, in addition to being Deputy Coordinator, will manage a subprogramme; their other subprogrammes will be managed by officers at the P-5 level. One of the principal functions of each coordinator will be to ensure staff support, documentation and other inputs for the work of the main subsidiary body to which the programme is related (SBSTA and SBI respectively). A professional officer will be attached directly to the programme coordinator to support this function. The programmes for Conference Management and Information Services and Resources and Planning and Coordination will be headed by Coordinators at the D-1 level and include subprogramme managers at the P-5 level. Broad estimates of other staffing and resource requirements for these programmes are given in section V below. The Executive Secretary will ensure the flexible deployment of staff and resources allocated to these programmes.

(ii) Science and Technology (S&T)

23. The S&T programme will retain those elements of the present CAR programme that respond most directly to the needs of the SBSTA. It will carry the Convention's contribution to the IPCC budget, and will contain three subprogrammes, on technology, methodology and scientific outreach.

24. One of the pillars of the S&T programme will be a subprogramme integrating work on all aspects of *technology* related to climate change, including its transfer, and responding to the high priority placed by Parties on this work. As noted in the progress report on transfer of technology submitted to SBSTA and SBI (FCCC/SB/1997/1), requests have been

made so far for reports on eight different topics in this area (including technology information centres). In view of its relative importance and potential scope, this subprogramme will be managed by the Deputy Coordinator (D-1). It is proposed to incorporate in this subprogramme some capacity for *analysis of technical issues* arising from the review and synthesis of communications and aspects of policies and measures and their effects. The aim of this addition would be to broaden the access of developing country Parties to such technical analysis. One example of an area where such work could be conducted is bunker fuels, where the options for control will be the basis for allocating emissions from this sector (see FCCC/SBSTA/1996/9/Add.2). Another area of analysis, drawing on information in national communications and their in-depth reviews, could be national experiences with climate change policies and measures, in specific sectors (e.g. urban transport) or with specific instruments (e.g. voluntary agreements). The compilation of different experiences would be a basis for disseminating information to all Parties on potentially replicable "success stories". The rationale for such analytical work will be spelled out in the programme budget.

25. The other pillar will be a subprogramme dealing with *methodology*: its development, documentation, dissemination and application. This will include work on the technical content of guidelines for national communications but not on the renegotiation of such guidelines nor methodological work on AIJ, both of which will be in the Implementation programme. The division of methodological work between the secretariat and the IPCC is being considered in the Joint Working Group of the officers of the IPCC and the Convention, from which a recommendation to SBSTA is awaited. SBSTA has already identified a menu of priority tasks at its fourth session (see FCCC/SBSTA/1996/20). It is suggested that the content and resource requirements of this element of the secretariat's work should be defined on the basis of the conclusions of SBSTA.

26. The subprogramme on *scientific outreach* will support the integration of science in the Convention process, through the SBSTA, mainly by ensuring the flow of information to and from the IPCC, other relevant scientific assessments, and organizations participating in the Climate Agenda. It will also support work on Article 5 of the Convention (Research and systematic observation). As in the past, a professional staff member made available by the World Meteorological Organization (WMO) will supplement the resources of the core budget in this subprogramme.

27. Many of the secretariat's linkages with other intergovernmental processes and their secretariats will be based in the substantive work of the S&T programme. In addition to those referred to in the preceding paragraph, mention may be made of linkages with OECD, IEA, FAO, ICAO, WTO and other conventions.

(iii) Implementation (IMP)

28. The IMP programme will combine the remaining elements of the present CAR programme, essentially those dealing with national communications (Annex I and non-Annex I), with the content of the present FTC programme. The resulting programme will aim to provide greater impetus to the SBI in its role of reviewing the implementation of the Convention by all Parties.¹ The Implementation programme will also support the work of the Ad Hoc Group on Article 13 (AG-13). The programme will contain four subprogrammes: one each on implementation by Annex I and by non-Annex I Parties, one on mechanisms for cooperative implementation (AIJ) and one on the implementation process.

29. The subprogramme on *Annex I implementation* will receive and disseminate national communications of Annex I Parties and coordinate and publish the in-depth reviews of these communications.

30. The subprogramme on *non-Annex I implementation* will integrate work on: the financial mechanism of the Convention, including the interface with the GEF and its implementing agencies and other sources of multilateral financing; facilitation of technical support for national communications by non-Annex I Parties; and receipt and dissemination of these communications. It will support any process that may be decided for the consideration of these communications, subject to the uncertainties discussed in section IV.

31. The subprogramme on *mechanisms for cooperative implementation* will support work on the pilot phase of AIJ, including related methodological work, with a continuing focus on the design phase and an increasing focus on the consideration of reports during the course of the biennium. The resource needs of this subprogramme will be determined on the assumption that the pilot phase will continue throughout the coming biennium. Should the Parties agree to proceed beyond the pilot phase during this period, this subprogramme would be adapted accordingly within the limits of available resources.

32. The remaining subprogramme, somewhat eclectic in content, will pull together work on the more general issues of the *implementation process*: the compilation and synthesis of national communications from Annex I and non-Annex I Parties (drawing on the support of other subprogrammes); negotiations on the revision of guidelines for communications and on the processes for reviewing and considering them, including support to any post-Kyoto work in this regard; and mechanisms for the promotion of implementation, that is, the work of AG-13 and its possible outcome, bearing in mind the uncertainties discussed in section IV. In view of its breadth and policy content, this subprogramme will be managed by the Deputy Coordinator (D-1), who will also coordinate secretariat inputs to AG-13 and provide support to its chairperson. If time and money permit, this subprogramme would prepare the report on implementation called for by decision 7/CP.1, which has so far eluded the capacity of the secretariat.

¹ It may be noted, in this connection, that the responsibility for coordinating secretariat inputs to the SBI and supporting its Chairperson lies at present with the Coordinator of the FTC programme, as a result of the redeployment of responsibilities following the establishment of the AGBM. See note to paragraph 41 below.

(iv) **Conference Management and Information Services (CMIS)**

33. The content of the CMIS programme results from the rapid evolution of the Intergovernmental and Institutional Support (IIS) programme that formed part of the programme budget approved for the current biennium. The latter programme has already been through a major transformation, as a result of the need to organize the relocation of the secretariat and to adjust to the loss of staff who chose not to follow the secretariat to its new headquarters. This redeployment, effected in April 1996, transferred from IIS to the present Implementation and Planning (I&P) programme the responsibility for administration and legal advice, centralized in IIS the responsibility for work on information products, and changed the programme's name to "Intergovernmental and Information Support".

34. As a result of the redistribution of responsibilities for external relations with intergovernmental bodies, explained in paragraph 18 above, this programme will now concentrate on the provision of two types of services that are essential for the smooth functioning of the Convention process and its secretariat and that are reflected in the new name for the programme. The programme will accordingly be organized in two subprogrammes: conference management service and information service.

35. The main tasks of the *conference management service* subprogramme will be to ensure that sessions of the Convention bodies are well-organized, held in suitable facilities, well-attended, provided with the official documentation, other relevant information and interpretation they require, and adequately publicized. It will also maintain communications with the Parties and other participants in between sessions, so as to inform them of the work of the Convention and facilitate their effective participation therein. To achieve the former aim, this service will have to assemble, manage and disassemble the physical conference facilities for sessions of Convention bodies in Bonn; ensure the planning, editing, translation, reproduction, dissemination and storage of documentation on paper and by electronic means; provide printed and electronic information, as needed; secure interpretation services; manage the funding, accreditation and registration of participants; and provide information and other services to support media coverage. In between sessions, it will liaise with Parties' national focal points, diplomatic missions in the host country and other points of contact designated by Parties, as well as with observer organizations and the media.

36. At present, the United Nations Secretariat - through UNOG - provides, at no charge to the Convention budget, basic conference services, including interpretation and translation, with considerable constraints on its translation capacity; some distribution of documents, notably to permanent missions in Geneva and diplomatic missions in Bonn; and some technical conference staff during sessions. The UNEP Information Unit on Conventions in Geneva prepares information materials for the media, while the United Nations Information Centre in Germany (housed in the same premises as the Convention secretariat), provides

help with organizing local media services. The rest of the package described above is provided or contracted by the Convention secretariat.

37. The first element of the package, relating to physical facilities, is a new element arising from the separation of the secretariat from United Nations conference facilities (such as those of the Palais des Nations in Geneva) and its installation in a city that does not yet have a permanent conference centre capable of hosting large United Nations conferences with two meetings in parallel. This locational factor is compensated by the availability from the host Government of a special annual contribution to the cost of organizing such events in Germany. This contribution, which formed part of the offer of Germany to host the secretariat, is now known as the "Bonn Fund".

38. Two major uncertainties arise in relation to the conference management subprogramme and the related programme for policy-making organs. The first is whether the provision of basic conference services by the United Nations Secretariat will continue to be free of charge to the Convention budget. If not, Convention funds will have to cover the cost of those services and of the additional staff required to manage them (for example, to hire and brief translators and interpreters). The second uncertainty is whether the resources of the Bonn Fund will suffice to pay for the staff costs involved in managing physical conference facilities in Germany. A third issue is whether the Parties desire and are willing to pay for substantive liaison arrangements in Geneva and/or New York. These questions are addressed in section IV.

39. The *information service* subprogramme will make available to Parties and others a number of information products to be used at sessions of the COP and its subsidiary bodies, both in printed form and via electronic media (including the World Wide Web, CD-ROM, EcoNet, and diskettes). In order to accomplish these and other activities, this subprogramme will maintain the electronic communications and computer system used by the secretariat, manage its growing data bases and provide technical support to other parts of the secretariat in the electronic processing of information. This subprogramme will provide the technical foundation of the secretariat's ability to respond to the demands of the Parties for documentation and information.

40. The question is raised in section IV whether this programme could be the platform for work by the secretariat - in partnership with UNEP - to support work by Parties to raise public awareness of climate change, in pursuit of Article 6 of the Convention. It could also be the locus for work on consultative mechanisms with non-governmental constituencies.

(v) **Resources, Planning and Coordination (RPC)**

41. The RPC programme builds on the present I&P programme, as it has evolved (see paragraph 33 above). One line of evolution that is not reproduced in the next generation,

however, is the task of supporting an ad hoc negotiating process; the reason for this is explained in paragraph 17 above.²

42. The RPC programme will support the Executive Secretary in planning and coordinating the secretariat's work programme, mobilizing financial resources for it from the core budget and all other sources, and ensuring that it remains responsive to emerging needs. It will support the main coordinating mechanisms of the Convention, namely the COP and its Bureau, ensuring adequate preparations and inputs for both. For the latter purpose, the programme coordinator will serve as Secretary of the COP. The programme will ensure linkages with the principal coordinating mechanisms of the United Nations that are relevant to the Convention process, namely: the General Assembly; the Commission on Sustainable Development and its inter-agency machinery; the Governing Council of UNEP; and any new machinery that may emerge from the special session of the General Assembly on Agenda 21 and the ongoing reform of the United Nations.

43. The senior legal officer, located in this programme, will provide support for legal aspects of the work of the Convention bodies and the secretariat and ensure liaison with the United Nations Office of Legal Affairs. UNEP is no longer able to provide financial support for this position.

44. In addition to the staff functions described above, the RPC programme will have one subprogramme for *financial management and administration*. This subprogramme, largely funded from the overhead charge paid to the United Nations, will provide the management of the Convention's finances and secretariat personnel as well as general service operations, the management of the linkages with the UNOG and the Department of Administration and Management at United Nations Headquarters, participation in the management of the United Nations premises in Bonn and the related common services arrangements, and the maintenance of administrative relations with the host Government.

(vi) Other programmes

45. In addition, the programme budget will again include programmes for *policy-making organs* (covering costs related to sessions of Convention bodies) and *executive direction and management* (covering the functions and immediate staff of the Executive Secretary). Uncertainties in these programmes concern the desired annual schedule of Convention bodies and the level of the post of Executive Secretary. In the current budget, the programme for policy-making organs carries the contribution to the budget of the IPCC; it is proposed to shift this charge to the S&T programme in the next biennium. These issues are addressed in section IV below. That section also flags the possible need for an additional programme to

² In response to the establishment of the AGBM, the task of supporting that body was assigned to the Coordinator of the I&P programme, while that of coordinating inputs to the SBI was transferred to the Coordinator of the FTC programme.

provide support to any ad hoc intergovernmental process that may result from decisions at COP 3 on the outcome of the Berlin Mandate.

IV. UNCERTAINTIES AND CONTINGENCIES

46. The purpose of this section is to highlight, in each programme, the uncertainties and issues on which the Executive Secretary is seeking specific guidance from the SBI. Such guidance will steer the secretariat in its preparation of the programme budget for the coming biennium and contribute to the determination of proposed resource needs.

A. Policy-Making Organs

47. Under a separate agenda item at its fifth session, the SBI will consider the calendar of meetings for 1998 and 1999. It is hoped that these deliberations will result in a decision on the number of sessional periods during the 1998-1999 biennium. This decision has important budgetary implications, as the number and frequency of meetings directly influence the work programme of the secretariat and the costs of conferences. Meanwhile, for the purposes of the development of the cost estimates, it has been assumed that, in each of the years 1998 and 1999, there would be two sessional periods of two weeks each for the subsidiary bodies, and one week for the COP, all with a capacity for two parallel meetings. These estimates will be adjusted in the programme budget to reflect any guidance given by the SBI (see FCCC/SBI/1997/5, paragraphs 21 to 27).

48. The provision of conference services, and their financing, is an element of the Policy-Making Organs programme but is considered in paragraphs 58 to 61 below because of the relationship with the CMIS programme.

B. Executive Direction and Management

49. The levels of the Executive Secretary and of the two other senior posts of the Convention secretariat will, in accordance with decision 14/CP.1, paragraph 8, and as recalled in decision 14/CP.2, paragraph 6, be reviewed at COP 3. As outlined in a note by the President of the COP at its first session on the Levels of Remuneration of Senior Posts and Appointment of the Executive Secretary (FCCC/CP/1996/6/Add.3), the results of initial Bureau discussions and consultations with the Secretary-General on this topic were as follows:

(a) The level of remuneration of the post of the head of the Convention secretariat was set at the level of Assistant Secretary-General in the United Nations Secretariat structure. The Executive Secretary was appointed by the Secretary-General at this level for a fixed term of two years, effective 1 January 1996;

(b) The two other senior posts were set at the D-2 level, as provided for in the Convention budget for the biennium 1996-1997.

50. The Secretary-General will in due course, consult the COP through its Bureau on the appointment of an Executive Secretary for a term starting on 1 January 1998. To do so, the Secretary-General will need to be advised of the level at which that appointment is to be made.

51. The Executive Secretary is in the process of making appointments at the D-2 level. The duration of these appointments beyond 31 December 1997 is subject to the confirmation of that level by COP 3.

52. It would be desirable if both these issues could be settled by the SBI at its sixth session in the context of its recommendation to the COP on the programme budget. On that basis, the SBI would be able to invite the President of the COP to communicate to the Secretary-General the recommended level of the post of the Executive Secretary.

C. Science and Technology

(i) Methodologies

53. The SBSTA is expected to take a decision on the work programme of the secretariat in the area of methodologies (see paragraph 25 above). If a very extensive programme of work is envisaged, additional resources will need to be budgeted beyond those costed in section V. This subprogramme is currently allotted two professional posts for the next biennium.

(ii) IPCC contribution

54. An annual contribution to the IPCC of \$310,600 intended to defray costs associated with the IPCC's work in support of the Convention, particularly scientific assessments, was included as an expenditure relating to policy-making organs in the programme budget for the biennium 1996-1997. It is proposed that this contribution be shifted to the S&T programme.

55. The IPCC's programme of work will continue to support the Convention in the biennium 1998-1999. Moreover, the IPCC will begin work on the third assessment report before the end of the millennium. In this context, the Executive Secretary seeks guidance on the maintenance of a UNFCCC contribution to the IPCC and on possible levels of support for 1998 and 1999. The estimates included in section V were developed on the assumption that the status quo would be maintained.

D. Implementation

(i) Communications from non-Annex I Parties

56. The nature and timing of the process for the consideration of communications from non-Annex I Parties is still under discussion and may not be finalized until COP 3. The Implementation programme will be responsible for the receipt and dissemination of communications from non-Annex I Parties. Resources for this purpose, as well as for a limited number of regional workshops and the preparation of a compilation and synthesis report, are assumed in the budget estimates included in section V. These include approximately four professional posts. If it is envisaged that the secretariat would have additional responsibilities, for example, coordinating visits or an extensive process of workshops or peer reviews, additional resources would be required. It is estimated that two additional professional posts, plus considerable funds for travel and consultants and some general service support, would be required to meet this eventuality. The cost of a review process on the scale of the in-depth reviews of Annex I communications has not been estimated at this stage.

(ii) Ad Hoc Group on Article 13

57. The work of the AG-13 is advancing but it is not clear whether this work will be concluded in 1997 or continue into the next biennium. Moreover, if the process concludes by COP 3, there is still uncertainty about whether a multilateral consultative mechanism will be established and what level of support it would require from the secretariat. Guidance is sought on how this situation should be reflected in the programme budget. The estimates in section V are based on an assumption that AG-13 or its successor process would require a level of secretariat support similar to that provided to date (including one professional post).

E. Conference Management and Information Services (CMIS)³

(i) Servicing of meetings

58. By its resolution 50/115, the General Assembly decided to "include in the calendar of conferences and meetings for 1996-1997 the sessions of the Conference of the Parties and its subsidiary bodies envisaged for that biennium entailing twelve weeks of conference-servicing facilities" (paragraph 8), and requested the Secretary-General to "make the necessary arrangements to include in the calendar of conferences and meetings for the biennium 1998-1999 those sessions of the Conference of the Parties and its subsidiary bodies that the Conference may need to convene in that period" (paragraph 9). After further consideration by the Advisory Committee on Administrative and Budgetary Questions and the Fifth

³ Because of the close linkage with the CMIS work programme, budget items appropriate to the Policy-Making Organs programme are also considered here.

Committee, the General Assembly decided, by its resolution 50/232, to authorise the Secretary-General to enter into the necessary financial commitments for the provision of these services in 1996-1997 from the regular budget of the United Nations up to a limit of \$5,517,000.

59. The General Assembly will reconsider this issue during its fifty-second session, and decide, hopefully by late 1997, whether the conference servicing needs of UNFCCC will continue to be included in the regular budget of the United Nations. The timing and outcome of this decision are not yet clear. In anticipation of a positive decision, the Executive Secretary is investigating the possibility of establishing a budget line within the United Nations conference servicing budget against which UNFCCC servicing costs could be charged in order to obtain the most cost-effective services possible from different United Nations Offices.

60. The Executive Secretary proposes that the preparation of the budget for the biennium 1998-1999 be based on an assumption that the United Nations will continue to finance the servicing of meetings for UNFCCC. However, these services will be included in the programme budget as a contingency item, to be added to the core budget if necessary at the end of 1997. The Executive Secretary would then inform the Parties of the decision of the General Assembly in an expeditious manner and would, if necessary, notify them of revised levels of contributions for 1998. In the event that the General Assembly decides not to continue to finance these services for UNFCCC, it will be important for organizational reasons not to schedule any sessions in the early part of 1998.

61. The Executive Secretary seeks guidance from the SBI on whether this "contingency" approach is satisfactory.

62. If the United Nations programme budget were to stop funding conference services for the Convention bodies, the secretariat would need to contract such services from qualified suppliers. It would also have to provide the staff to manage these services and ensure that United Nations linguistic standards are maintained. The source of such services will influence their costs. Thus, in order to place a budgetary value on the contingency of paying for these services from the core budget, a choice will have to be made among different possible sources.

63. The secretariat has considered three options that could maintain the same quality of service as hitherto: contracting services from UNOG, against payment; contracting translation services from a United Nations source (UNOG or another) and interpretation and other services from individual or corporate contractors on a commercial basis; and contracting all services from commercial contractors. In the second option, the choice of allocating interpretation (as opposed to translation) to contractors outside the United Nations is influenced by the fact that the United Nations itself often has recourse to experienced freelance interpreters at favourable rates, whereas translation tends to require a more solid infrastructure that ensures proper referencing and terminological consistency. The costs of

conference services are considerable, ranging from approximately \$ 5.5 to \$ 10 million (depending on the assumptions used); the first option is the most costly, while the third is the least costly. The estimated costs of the three options, in broad orders of magnitude, will be presented at the forthcoming SBI session.

64. The *first (UNOG) option* has the advantage of familiarity and the disadvantage of the highest cost among the three options. It would entail the least managerial responsibility for the Convention secretariat, though it might maintain certain rigidities which characterise UNOG's documentation policy. While the *third (commercial) option* is attractive because of its lower cost and the full flexibility that it would offer, its disadvantage is the greater managerial responsibility for the secretariat. The secretariat is concerned that the assumption of such a responsibility should not be sudden, as that might put the delivery of conference services at risk. Consequently, it tends to favour the *second (mixed) option* as being more prudent for the forthcoming biennium. Under this option, the secretariat would try to improve the efficiency and speed of translation services by seeking the best supply conditions among the different United Nations sources. The third option is retained as a possibility for the following biennium (2000-2001).

65. The SBI is invited to comment on this preliminary evaluation. Meanwhile, the secretariat will continue its consultations on these options with the responsible United Nations services and the Executive Secretary will make a recommendation to SBI 6 in the proposed programme budget.

66. It may be noted in passing that the secretariat has not considered the possibility of there being a common United Nations conference service in Bonn in the next biennium; this possibility appears remote at the present stage of Bonn's evolution as a United Nations centre. However, were there to be demand for similar conference services from other United Nations entities to be located in Bonn in the future, there might be some savings to be made from a cooperative arrangement for contracting and managing such services. The Executive Secretary will keep a watch on this issue and report to the COP as needed.

(ii) Costs of organizing meetings

67. As noted above, the "Bonn Fund" has been provided by the Government of Germany to cover the costs of organizing Convention events in Germany. The highest priority in the use of this fund is to secure adequate physical conference facilities for the Convention bodies to meet at the seat of the secretariat. The second priority is to pay for staff and other costs involved in managing these facilities that are not covered by the core budget. The amount of money needed to pay for the first priority will depend on the number and duration of sessions to be convened each year and the costs of the physical facilities for those sessions. The first of these factors is to be determined by the Parties, in the context of the calendar of meetings for 1998-1999. The second is an unknown factor for the secretariat, which has just started to acquire experience of these costs. Until a clear picture emerges of the costs of

conference facilities in Bonn, the secretariat will not be able to bank on there being a margin in the "Bonn Fund" to pay for the staff and other costs of managing those facilities.

68. The staffing needs for conference management, in turn, depend on the scale of the job (i.e. the number and duration of sessions), on the scope of the tasks for which the secretariat will have to take responsibility (i.e. whether or not the United Nations continues to perform some of these tasks) and on the provision in the core budget for the CMIS programme. For the time being, it has been assumed that the latter provision and the margin available in the "Bonn Fund" will be sufficient to cover conference management costs. Should the margin in the "Bonn Fund" fall below expectations, additional resources will be needed from the core budget.

(iii) Substantive liaison arrangements

69. The secretariat currently maintains a limited capacity in Geneva for **administrative** liaison with the United Nations Office at Geneva. This administrative liaison office will be maintained, staffed by one general service category administrative assistant, and, as necessary, temporary staff. The costs associated with this arrangement are expected to continue to be financed from overhead funds paid to the United Nations.

70. In paragraph 9 of decision 14/CP.2 (FCCC/CP/1996/15/Add.1), the COP requests Parties to communicate to the secretariat any need for liaison arrangements between their national focal points and the secretariat in Bonn. The Executive Secretary, in conjunction with other Convention secretariats and United Nations bodies, is also requested to explore the availability, cost, and funding of suitable liaison arrangements in Geneva and/or New York, and to report thereon to the SBI at its fifth session. These inter-secretariat consultations have been initiated but not concluded.

71. As of the end of 1996, thirteen Parties had informed the secretariat that they intend to continue using their permanent missions to the United Nations in Geneva as their designated focal points to the Convention.⁴ Two Parties indicated that they would, as of 1997, designate their permanent missions to the United Nations in New York as their focal points.⁵

72. It is understood that the main purpose of any such **substantive** liaison arrangements would be to enhance contact and exchange of information with diplomatic missions and observer organizations based in the respective United Nations centres and to serve as a workplace for secretariat staff members on mission. Liaison staff would also perform

⁴ Democratic People's Republic of Korea, Honduras, Hungary, Iran (Islamic Republic of), Mauritius, Mexico, New Zealand, Nigeria, Peru, Switzerland, Thailand, Trinidad and Tobago and Venezuela.

⁵ Antigua and Barbuda and Samoa.

representational duties (such as attending meetings, delivering statements), saving travel costs.

73. Should the creation of substantive liaison arrangements in Geneva and/or New York be deemed desirable by the Parties, it is foreseen that such liaison offices could be established and operated in cooperation with at least one additional convention secretariat or other United Nations body. Possible partners include the secretariats of the Convention on Biological Diversity (CBD) and the Convention to Combat Desertification (CCD), both of which have expressed initial interest in exploring the feasibility of such arrangements. Arrangements for financing and sharing costs and management responsibilities would need to be examined carefully, with proposals submitted for review by the COP.

74. The maintenance of such liaison offices would require financial resources for additional secretariat staff members (in both professional and general service categories) and general operating expenses (such as rent, communication costs, travel to headquarters, supplies).

75. The SBI is invited to advise whether the programme budget should include provision for a substantive liaison office in Geneva and/or New York, on the understanding that the resources would be additional to those identified for the CMIS programme in section V below. Advice is also sought on the suitability of sharing such offices with the secretariats of the CBD and CCD.

(iv) Promotion of public awareness and relations with NGOs

76. The Parties may wish to consider whether the secretariat should undertake work in support of their efforts to raise public awareness of climate change (as required by Article 6 of the Convention) and/or to enhance substantive liaison with non-governmental organizations (NGOs). Uncertainty remains about the capacity of UNEP to take the lead on Article 6, as has been suggested by the Executive Secretary. Uncertainty also exists surrounding the outcome of deliberations in the Convention's subsidiary bodies on mechanisms for inputs by NGOs to the Convention process. Work in these areas could be located in the CMIS programme. It would require one professional post, with additional resources being sought from supplementary funding.

F. Resources, Planning and Coordination

77. The Convention pays the standard 13 per cent overhead charge to the United Nations to cover the costs of the administrative services provided by the United Nations. A portion of these funds are returned to the Convention secretariat by the United Nations Department of Administration and Management (DAM) to cover the costs of the secretariat's administrative unit. As reported previously, in 1996 overhead funds were provided to finance the costs of one professional and two general service posts approved in the core budget by COP 1. DAM has recently agreed to provide overhead funds to the Convention secretariat for an additional one professional and two general service posts.

78. These administrative arrangements are to be reviewed toward the end of the biennium (see decisions 14/CP.1 and General Assembly resolution 50/115). While the results of this review are not certain, the secretariat has assumed that current arrangements will be continued and, in the hope that they could be further developed, has made provision for a third professional post to be funded from overheads in 1998-1999.

G. Post-Kyoto ad hoc inter-governmental process

79. If COP 3 decides to establish an ad hoc inter-governmental process to implement the outcome of the Berlin Mandate, there will be a need for a secretariat capacity to coordinate such a process. In addition, there may be a request to the secretariat to undertake analytical work relating to mechanisms for differentiation among Annex I Parties or to the further development of flexibility provisions, such as emissions trading.

80. The SBI is invited to give guidance on whether the programme budget should include a contingency provision for such a support capacity, organized as a distinct programme, and, if so, whether this capacity should be limited to process management or incorporate substantive analytical expertise. To undertake process management, it is estimated that the secretariat would require two additional professional posts (including one at the D-1 level); at least one other professional post would be necessary if analytical work were required. Related additional expenditures to discharge such functions effectively would be needed in either case.

V. PRELIMINARY RESOURCE ESTIMATES FOR THE CORE BUDGET

81. As noted in paragraph 6 above, the Executive Secretary was encouraged to provide broad estimates of resource requirements ("back-of-the-envelope" figures) as part of the financial perspectives to be made available to SBI. These broad estimates are found in the following tables on staff requirements (posts), overall estimated financial requirements and contingencies.

82. These estimates are a first illustration of the orders of magnitude of financial resources that could be sought for 1998-1999. They are intended to assist Parties in their provision of guidance on the specific topics outlined above. The Parties will be invited to review detailed estimates when the programme budget is formally submitted to SBI 6 (July 1997).

Table 1
ESTIMATED STAFFING BY PROGRAMME AND LEVEL
(excluding contingencies)

| Programme | <u>D and above</u> | | <u>P-5</u> | | <u>Other Professional</u> | | <u>General Service</u> | | <u>TOTAL</u> | |
|---|--------------------|----------|------------|----------|---------------------------|-----------------|------------------------|-----------|-------------------|-----------|
| | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 ¹ | 1999 |
| Policy-Making Organs | - | - | - | - | - | - | - | - | - | - |
| Executive Direction and Management | 1 | 1 | - | - | 1 | 1 | 4 | 4 | 6 | 6 |
| Science and Technology ² | 2 | 2 | 1.5 | 2 | 4.5 | 6 ³ | 5 | 6 | 1.3 | 16 |
| Implementation | 2 | 2 | 2.5 | 3 | 11 | 14 ⁴ | 10 | 12 | 25.5 | 31 |
| Conference Management and Information Services | 1 | 1 | 2 | 2 | 9 | 9 | 10 | 10 | 22 | 22 |
| Resources, Planning and Coordination ⁵ | 1 | 1 | 1 | 1 | 1.5 | 2 | 2 | 2 | 5.5 | 6 |
| TOTAL | 7 | 7 | 7 | 8 | 27 | 32 | 31 | 34 | 72 | 81 |
| Comparison with staffing table approved for the budget year 1997 ⁵ | | 7 | | 6 | | 16.5 | | 17 | | 46.5 |

¹ Some new posts would commence in July 1998.

² The resource needs of the S&T programme have been calculated taking account of existing bilateral staffing arrangements (Italy, USA, WMO). These arrangements amount to a supplementary benefit of 3.5 "person-years".

³ Includes four posts for the technology subprogramme and one post for the methodology subprogramme.

⁴ Includes four posts for the Annex I implementation subprogramme, three posts for the non-Annex I subprogramme, two posts for the cooperative mechanisms subprogramme and four posts for the implementation process subprogramme.

⁵ Excludes posts funded from overheads (3 posts in 1997, 7 posts in 1998 and 1999).

Table 2

ESTIMATED FINANCIAL REQUIREMENTS
(excluding contingencies)
(thousands of United States dollars)

| Programme | 1998 | 1999 |
|--|------------------------|------------------------|
| Staff costs: posts as in Table 2: | | |
| Executive Direction and Management | 600 | 700 |
| Science and Technology | 1,500 | 1,900 |
| Implementation | 2,800 | 3,400 |
| Conference Management and Information Services | 2,200 | 2,300 |
| Resources, Planning and Coordination | 600 | 700 |
| Total staff costs | 7,700 | 9,000 |
| Other programme costs | 3,500 - 4,000 | 3,600 - 4,100 |
| TOTAL | 11,200 - 11,700 | 12,600 - 13,100 |
| APPROVED CONVENTION BUDGET 1997: | 8,507.0 | |

Table 3**CHECK LIST OF CONTINGENCIES AND OTHER SPECIAL ISSUES**

(thousands of United States dollars)

| | Estimated costs | |
|---|-----------------|-------|
| | 1998 | 1999 |
| <u>Additional work programme elements: TBD by the Parties</u> | | |
| • Work programme on methodology | TBD | TBD |
| • Consideration of non-Annex I communications | 460.0 | 490.0 |
| • AG-13: continuation/follow-up | TBD | TBD |
| • Liaison arrangements: a <u>portion</u> of | 630.0 | 660.0 |
| • Promotion of public awareness and relations with NGOs | 140.0 | 150.0 |
| • Post-Kyoto ad hoc intergovernmental process | 260.0 | 530.0 |
| <u>Other provisions: TBD by the Parties</u> | | |
| • Calendar of meetings (number and length of sessions in 1998-1999) | TBD | TBD |
| • Level of Executive Secretary and other senior posts | TBD | TBD |
| • Change in level of contribution to IPCC | TBD | TBD |
| <u>Discontinuation of services: TBD by the United Nations</u> | | |
| • Absorption of conference servicing provided by the United Nations in 1996-1997 | TBD | TBD |
| • Refund of administrative overheads | 650.0 | 670.0 |
| <u>Unknown locational factors: TBD by experience</u> | | |
| • Additional core budget contribution to conference management costs (see paragraphs 67 and 68) | TBD | TBD |

TBD= to be determined.

VI. TRUST FUND FOR PARTICIPATION IN THE UNFCCC PROCESS

83. In accordance with paragraph 15 of decision 15/CP.1, a special fund has been created by the Secretary-General of the United Nations and is managed by the Executive Secretary. This fund is designed to receive voluntary contributions to support the participation in the COP and its subsidiary bodies of the representatives of developing-country Parties, in particular those that are least developed countries or small island developing States, and of other Parties with economies in transition. The current basic eligibility criterion for funding of participation of a Party is that its per capita gross domestic product was \$5,500 or less in 1994. In the event of a shortage in the fund, priority is given to support of representatives from least-developed countries and small island developing states. Unless decided otherwise by the COP, the secretariat will continue to apply this criterion and the above-mentioned priorities.

84. Estimates of resource needs for this fund are dependent on two main variables:

(a) The number of eligible Parties: At the most recent sessions of the subsidiary bodies (December 1996), 122 Parties were eligible for support. To accommodate an expected increase in this number, resource needs for 1998-1999 will be calculated on the basis of 130 eligible Parties in 1998 and 135 in 1999.

(b) The number of sessions of the COP and its subsidiary bodies per year: Resource needs for 1998-1999 will be calculated on the assumption of two subsidiary body sessional periods of two weeks each and one COP of one week's duration in both 1998 and 1999.

85. Taking these variables into account, the resources needed for this fund in the next biennium are estimated to be \$5.0 million.

VII. TRUST FUND FOR SUPPLEMENTARY ACTIVITIES

86. The Trust Fund for Supplementary Activities serves as an important resource for the secretariat in its attempts to respond to the emerging needs and requests of the COP and its subsidiary bodies. It has been used to date for a variety of activities, including the maintenance of the CC:INFO data base on activities related to climate change and the dissemination of information contained therein via various printed and electronic media; the convening of CC:FORUM (an informal consultative group aimed at furthering dialogue on the provision of technical and financial support to developing countries and economies in transition for the implementation of the Convention) and the creation of an electronic listserv to enhance communication among CC:FORUM participants; and the convening of workshops, such as the workshop on mechanisms for inputs from NGOs convened during the February/March 1996 sessions.

87. It is expected that the uses of the fund will continue to be diverse in the biennium 1998-1999. These uses are planned to include, *inter alia*:

(a) The production of information products and materials, such as the CC:INFO/Activities Report, CD-ROMs, the Directory of Participants in the COP and its subsidiary bodies, and the secretariat's World Wide Web site;

(b) The convening of various workshops and seminars;

(c) The convening of further meetings of CC:FORUM and continued maintenance of the CC:FORUM listserv;

(d) The further development and implementation of CC:INFO/Web, an initiative designed to facilitate the development of national web sites on the Convention.

88. A target for supplementary funding in 1998-1999 along with proposed programme activities will be included in the programme budget proposed to SBI 6.
