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Administrative and financial matters

Implementation of paragraph 7 (c) of the financial procedures of the Convention concerning the financial support for participation in the UNFCCC process

Financial support for participation in the UNFCCC process

Note by the secretariat*

Summary

This document responds to the request made by the Subsidiary Body for Implementation, at its nineteenth session, to review the financial impacts and the effects of the current practice of the secretariat in its implementation of paragraph 7 (c) of the financial procedures of the Convention regarding the participation of representatives of developing country Parties and of Parties with economies in transition in sessions of the Conference of the Parties and its subsidiary bodies. It summarizes the practice of managing the Trust Fund for Participation in the UNFCCC Process, particularly in relation to eligible Parties with outstanding contributions to the core budget, the rationale behind this practice and its impact on the participation of the concerned Parties in the Convention process.

* This document has been submitted late due to the need for extensive internal consultations.

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I. Mandate

1. The Subsidiary Body for Implementation (SBI), at its nineteenth session, noted the concern of some Parties over the practice of the secretariat with respect to not funding delegates from Parties whose contributions are outstanding in sessions of the Conference of the Parties (COP) and its subsidiary bodies. The SBI requested the secretariat to suspend this practice through COP 10 and to review its financial impacts and the effects on the implementation of paragraph 7 (c) of the financial procedures of the Convention¹ regarding the participation of representatives of developing country Parties and of Parties with economies in transition in sessions of the COP and its subsidiary bodies, and to report its findings to the SBI for its consideration at its twentieth session.²

II. Background information on the Trust Fund for Participation in the UNFCCC Process

A. Purpose of the trust fund

2. The establishment of the Trust Fund for Participation in the UNFCCC Process was approved by the COP at its first session, and its use is governed by paragraph 15 of the financial procedures of the Convention, which states: "A special fund shall be established by the Secretary-General of the United Nations and managed by the head of the Convention secretariat. This fund shall receive voluntary contributions, under 7 (c) above, to support the participation of the representatives of developing-country Parties, in particular those that are least developed countries or small island developing countries, and of other Parties with economies in transition in the Conference of the Parties and its subsidiary bodies."

B. Implementation of paragraph 7 (c) of the financial procedures

3. As of 31 December 2003, the trust fund had attracted a total income of USD 13.7 million and had used USD 13.4 million to finance the participation of delegates from eligible Parties in sessions of the Convention bodies. Pursuant to decision 16/CP.2,³ some of the fund was used to support the participation of representatives of eligible Parties in intersessional meetings of the Bureau of the COP, and the participation of Bureau members in consultations or official meetings relating to the Convention process.

4. As shown in table 1 and figure 1; contributions to the trust fund have declined over the past two years. The general trend is a cause for concern. However, the trust fund has been able to continue to provide financial support, albeit to fewer participants than in previous bienniums. This was made possible thanks to extraordinary efforts made by some Parties.

¹ FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex I.

² FCCC/SBI/2003/19, paragraph 59.

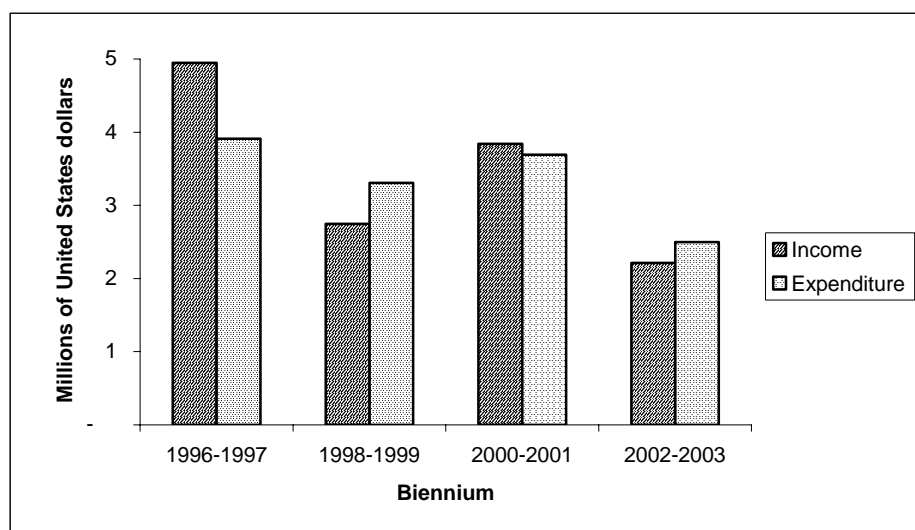
³ FCCC/CP/1996/15/Add.1.

Table 1: Trust Fund for Participation in the UNFCCC Process: income and expenditure by biennium
(United States dollars)

	1996–1997	1998–1999	2000–2001	2002–2003	Total
Income ^a	4 946 640	2 746 698	3 842 703	2 214 856	13 750 897
Expenditure	3 909 523	3 306 334	3 689 945	2 499 105	13 404 907
Fund balance at the end of the biennium	1 037 117	477 481	630 239	345 990	345 990

^a Income includes contributions made by Parties during the biennium, interest and prior years' adjustments. Income in the biennium 1996–1997 includes USD 2,191,819 transferred from the voluntary fund for the support to participate in the negotiation process from United Nations Headquarters and USD 84,967 from the fund for voluntary supplementary financing of the approved activities under the UNFCCC

Figure 1: Trust Fund for Participation in the UNFCCC Process: comparison of income and expenditure



C. Scope of the financial support

5. The trust fund has been used, as far as possible, to provide financial support for one delegate from each eligible Party at each session of the COP and its subsidiary bodies. In addition, for six sessions of the COP, including the resumed sixth session in 2001, this support has been extended to cover the participation of a second delegate from least developed countries (LDC) or small island developing States (SIDS). Also, available resources allowed the funding of a second delegate for eligible Parties that provided a vice-president or a chair to a Convention body, so long as the number of funded delegates from each such Party did not exceed two. Further support has been extended to eligible Parties that coordinated the Group of 77 and China, as well as eligible Parties that hosted the following session of the COP. Table 2 shows the number of funded participants and Parties for all sessions since 2000.

Table 2: Number of participants and Parties funded from the Trust Fund for Participation in the UNFCCC Process

Year and session	Number of participants	Number of Parties
2000		
SBI 12 / SBSTA 12, Bonn	95	90
SBI 13 / SBSTA 13, Lyon	134	96
COP 6, The Hague	177	114
2001		
COP 6.5 and SBI 14 / SBSTA 14, Bonn	156	119
COP 7 and SBI 15 / SBSTA 15, Marrakesh	109	105
2002		
SBI 16 / SBSTA 16, Bonn	118	110
COP 8 and SBI 17 / SBSTA 17, New Delhi	146	113
2003		
SBI 18 / SBSTA 18, Bonn	90	86
COP 9 and SBI 19 / SBSTA 19, Milan	112	105

6. If the resources in the trust fund are not sufficient to meet all requirements, priority is given to supporting representation of LDC or SIDS Parties.

7. The approach taken by the secretariat in managing the trust fund has been presented to the SBI regularly since 1997 in connection with the performance report of the Trust Fund for Participation in the UNFCCC Process. The approach was also discussed by the Bureau in July 2001 during the fourteenth sessions of the subsidiary bodies in Bonn.

D. Practices regarding limitations

8. Eligible Parties have not received funding from the Trust Fund for Participation in the UNFCCC Process if their indicative contributions to the core budget were not paid for the current and the preceding years. This practice of "suspension" of eligibility has not been applied to LDC and SIDS Parties.

9. The practice of "suspending" eligibility for financial support was initiated in 1997.⁴ It was derived from the principle that has been fundamental to the Convention's financing since the beginning, and which was reflected in the financial procedures, even as they were revised in 1998, namely that all Parties should contribute to the core budget of the Convention, recognizing that capacities to do so vary. Moreover, some delegations found the policy to be useful in their internal efforts to encourage ministries responsible for the payment of contributions to international organizations to pay the contribution to the UNFCCC. Some Parties have also argued that the receipt of financial support for participation is an important benefit above and beyond the normal benefits accruing from membership of the Convention. In this context, eligibility for that benefit should take into account whether a Party is meeting its financial responsibilities under the Convention.

⁴ At SBI 6, the Executive Secretary indicated the intention of the secretariat to link eligibility for funding from the trust fund with the state of payments by Parties to the core budget (see FCCC/SBI/1997/16, para. 25).

III. Implications of the practice

A. Implications for participation

10. Of the 149 Parties currently eligible for funding, 70 are either LDCs or SIDS and are not affected by the practice to suspend the funding of their participation on grounds of late payment of contributions. At COP 9, only eight of the remaining 79 Parties were affected by this practice, and six of these Parties participated in COP 9 despite having their eligibility suspended; two had delegations of two persons, three had delegations of up to six persons and one had a delegation of more than 50 persons. Of the two Parties not funded and not present at COP 9, one had not applied for funding and the other had applied for funding after the deadline. The final analysis shows that no Party failed to participate in COP 9 due to denial of funding on the grounds of having outstanding contributions to the core budget of the Convention for at least the current and the previous year.

B. Financial implications

11. The secretariat has no means to determine whether any Parties that have paid contributions to the core budget were motivated by the fear of suspension of financial support. However, anecdotal evidence indicates that the prospect of being suspended from receiving support from the Trust Fund has had a direct impact on the acceleration of payments of outstanding contributions in many Parties.

C. Follow-up

12. Following the request of the SBI at its nineteenth session, the secretariat suspended the practice of suspending funding on the grounds of late payment of contributions during 2004 through COP 10. It will monitor any implications and prepare a more comprehensive report for consideration by the SBI at its twenty-second session.
