



SUBSIDIARY BODY FOR IMPLEMENTATION

Twenty-fifth session

Nairobi, 6–14 November 2006

Agenda item 14 (a–c)

Administrative, financial and institutional matters

Audited financial statements for the biennium 2004–2005

Budget performance for the biennium 2006–2007

Continuing review of the functions and operations of the secretariat

Administrative, financial and institutional matters

Draft conclusions proposed by the Chair

Addendum

The Subsidiary Body for Implementation, at its twenty-fifth session, decided to recommend the following draft decision for adoption by the Conference of the Parties at its twelfth session:

Draft decision -/CP.12

The Conference of the Parties,

Having considered the information in documents prepared by the secretariat on administrative, financial and institutional matters,¹

Recalling the financial procedures for the Conference of the Parties adopted in decision 15/CP.1,

I. Audited financial statements for the biennium 2004–2005

1. *Notes* the audited financial statements for the biennium 2004–2005, the audit report by the United Nations Board of Auditors with recommendations and the comments of the secretariat thereon;
2. *Expresses appreciation* to the United Nations for arranging the audits of the accounts of the Convention and for the valuable audit observations and recommendations;

¹ FCCC/SBI/2006/14 and Adds. 1–2, FCCC/SBI/2006/15 and FCCC/SBI/2006/INF.6.

3. *Urges* the Executive Secretary to implement the recommendations of the auditors, as appropriate;

II. Budget performance in the biennium 2006–2007

4. *Notes* the report on financial performance for the period 1 January to 30 June 2006, including the status of contributions to the trust funds of the Convention;

5. *Expresses appreciation* to Parties that have paid their contributions to the core budget in a timely manner;

6. *Also expresses appreciation* for the contributions received from Parties to facilitate the participation of developing country Parties in the Convention process, particularly the least developed countries and small island developing States among them, and for contributions to the Trust Fund for Supplementary Activities;

7. *Encourages* Parties to increase their efforts to contribute to the Trust Fund for Participation in the UNFCCC Process and to the Trust Fund for Supplementary Activities to meet the requirements for 2006–2007;

8. *Requests* the Executive Secretary to provide, in future reports, a more detailed overview of the status of income received and expenditures incurred for each activity covered by supplementary funds;

9. *Reiterates its appreciation* to the Government of Germany for its annual voluntary contribution to the core budget of EUR 766,938 and its special contribution of EUR 1,789,522 as host Government to the secretariat in Bonn;

10. *Notes with concern* the large number of Parties that have not made their contributions to the core budget for 2006 or for prior years, some since the establishment of the trust funds, in particular in view of the recent audit observation that shows that the percentage of outstanding contributions has grown significantly compared to previous years;

11. *Urges* Parties that have not paid their contributions to the core budget to do so without further delay, bearing in mind that contributions are due on 1 January of each year in accordance with the financial procedures;

III. Continuing review of the functions and operations of the secretariat

12. *Notes* the information relating to the functions and operations of the secretariat as contained in several documents, particularly in document FCCC/SBI/2006/15;

13. *Agrees* that the Subsidiary Body for Implementation should consider this matter at its twenty-seventh session, in keeping with its decision taken at its twenty-first session to continue to consider this matter annually;

IV. Programme budget for the biennium 2008–2009

14. *Requests* the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation, at its twenty-sixth session, a proposed programme budget for the biennium 2008–2009, including a contingency for funding conference services, should this prove necessary in the light of decisions taken by the General Assembly at its fifty-ninth session;

15. *Requests* the Subsidiary Body for Implementation to recommend at its twenty-sixth session a programme budget for adoption by the Conference of the Parties at its thirteenth session, and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session;

16. *Also requests* the Subsidiary Body for Implementation to authorize the Executive Secretary to notify Parties of their contributions for 2008 on the basis of the recommended budget;

V. Implementation of the Headquarters Agreement

17. *Approves* the Protocol² amending the Agreement among the United Nations, the Government of the Federal Republic of Germany and the secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention secretariat³ to reflect the entry into force of the Kyoto Protocol;

18. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to endorse this decision at its second session.

² The Protocol amending the Agreement among the United Nations, the Government of the Federal Republic of Germany and the secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention secretariat, signed on 7 December 2005.

³ The Agreement among the United Nations, the Government of the Federal Republic of Germany and the secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention secretariat, signed on 20 June 1996.