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**SUBSIDIARY BODY FOR IMPLEMENTATION**

**Twenty-fifth session**

**Nairobi, 6–14 November 2006**

**Agenda item 14 (a) and (b)**

**Administrative, financial and institutional matters**

**Audited financial statements for the biennium 2004–2005**

**Budget performance for the biennium 2006–2007**

**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 serving as the meeting of the Parties to the Kyoto Protocol at its second session:

**Draft decision -/CMP.2**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Having considered* the information in documents prepared by the secretariat on administrative, financial and institutional matters,<sup>1</sup>

*Recalling* the financial procedures for the Conference of the Parties adopted in decision 15/CP.1, which also apply to the Kyoto Protocol,<sup>2</sup>

**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;

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

<sup>2</sup> In accordance with Article 13, paragraph 5, of the Kyoto Protocol.

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;

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;

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. Programme budget for the biennium 2008–2009**

12. *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;

13. *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;

14. *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;

#### **IV. Implementation of the Headquarters Agreement**

15. *Endorses* the decision of the Conference of the Parties (XX/CP.12) to approve the Protocol<sup>3</sup> 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<sup>4</sup> to reflect the entry into force of the Kyoto Protocol.

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<sup>3</sup> 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.

<sup>4</sup> 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.