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Item 18(b) of the provisional agenda
Administrative, financial and institutional matters
Programme budget for the biennium 2014–2015

Proposed programme budget for the biennium 2014–2015

Note by the Executive Secretary*

Addendum

Trust Fund for the International Transaction Log

Summary

This document contains the work programme and proposed budget for the international transaction log for the biennium 2014–2015, for consideration by the Subsidiary Body for Implementation at its thirty-eighth session.

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* This document was submitted after the due date owing to the need for internal consultations.

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Contents

I. Introduction

A. Mandate

1.   The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by decision 13/CMP.8, requested the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation (SBI) at its thirty-eighth session, a proposed programme budget for the biennium 2014–2015, which includes the budget for the international transaction log (ITL).

2.   The CMP also requested the SBI to recommend, at its thirty-eighth session, a programme budget for adoption by the Conference of the Parties at its nineteenth session and by the CMP at its ninth session.

3.   By decision 11/CMP.3, the CMP further requested the secretariat to establish the Trust Fund for the International Transaction Log for the receipt of fees to cover the resource requirements of activities relating to the ITL administrator.

4.   The CMP, at its eighth session, adopted decision 8/CMP.8 on the methodology for the collection of ITL fees in the biennium 2014–2015. The annex[1] to that decision contains the ITL scale of fees for the biennium 2014–2015. ITL fees for all Parties to the Convention that are also Parties to the Kyoto Protocol with commitments inscribed in Annex B to the Kyoto Protocol (Annex B Parties) for the biennium 2014–2015 will be apportioned using this scale of fees and the agreed budget for the ITL for the biennium 2014–2015.

B. Scope of the note

5.   This document contains the proposed budget for the ITL for the biennium 2014–2015. It details the proposed work programme for the ITL for the biennium 2014–2015 and the resources required to implement the work programme.

C. Possible action by the Subsidiary Body for Implementation

6.   The SBI is expected to recommend a budget for the ITL for adoption by the CMP at its ninth session.

II. Key areas of work

7.   The CMP, by decision 13/CMP.1, requested the secretariat to establish and maintain the ITL in order to verify the validity of transactions undertaken by registries established under decisions 3/CMP.1 and 13/CMP.1. In addition, the secretariat was assigned the role of ITL administrator with the responsibility for, inter alia, ensuring the proper functioning of this critical system, which is an essential component of the settlement infrastructure for emissions trading under the Kyoto Protocol.[2]

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[1] FCCC/KP/CMP/2012/13/Add.2/Corr.1.

[2] Details on the activities fo the ITL administrator are contained in its annual report. The latest version of the report is contained in document FCCC/KP/CMP/2012/8.

8.   The secretariat, as the ITL administrator, is required to maintain and operate the ITL, the purpose of which is to record and verify the validity of transactions proposed by national registries of Annex B Parties and by the clean development mechanism (CDM) registry. The ITL administrator organizes meetings of the Registry System Administrators Forum (RSA Forum), which aims to enhance cooperation between administrators of registries and to facilitate the implementation of the common operational procedures for registry systems established by the RSA Forum in accordance with decision 16/CP.10.

III.   Work programme

9.   In the biennium 2014–2015, the focus of activities carried out by the ITL administrator will be on ensuring the continuity and reliability of the operation of registry systems and of the ITL. For that purpose, the ITL administrator plans to carry out the following key activities:

(a)   Provide technical services through the ITL to enable Annex B Parties to perform transactions of Kyoto Protocol units pursuant to Articles 6, 12 and 17 of the Kyoto Protocol;

(b)   Verify the validity of transactions performed by national registries to ensure their conformity with the requirements established by the relevant decisions and accurate accounting of assigned amounts under the Kyoto Protocol;

(c)   Provide reliable hosting for the ITL and the required technical support to ensure its continuous operation;

(d)   Provide support to national registries, the consolidated system of European registries, the CDM registry, the European Union transaction log, the joint implementation and CDM information systems and the compilation and accounting database, in order to maintain their connections and operations with the ITL;

(e)   Provide an annual upgrade of ITL software and hardware in response to changes in technical requirements and operational procedures and obsolescence of hardware and software;

(f)   Introduce the necessary changes to the functionality of the ITL to operationalize the guidance received from the CMP on the implementation of the second commitment period of the Kyoto Protocol;

(g)   Maintain electronic systems to support the analysis and reporting of transaction data and facilitate the annual review of national registries under Article 8 of the Kyoto Protocol;

(h)   Facilitate collaboration among the registry system administrators (RSAs) and the execution of common operational procedures established by the RSA Forum, in order to ensure that registry systems are accurate, efficient and secure;

(i)   In collaboration with RSAs, monitor and evaluate the overall security and operational maturity of registry systems, elaborate common reference standards in these areas, and support and inform negotiations on the possibility of establishing the security baseline for registry systems by means of their audit and certification against an internationally-recognized security standard.

IV. Proposed budget

10.   The proposed ITL budget reflects the resources required to ensure the continued reliable operation of the ITL. All efforts have been made to keep the requirements to a minimum, as outlined in paragraph 16 below.

11.   The table below presents the proposed budget of the ITL for the biennium 2014–2015 and compares it with the approved budgets for the ITL in the biennium 2010–2011 and the biennium 2012–2013.

Proposed budget for the international transaction log for 2014–2015 by object of expenditure (in EUR)

Object of expenditure	2010–2011	2012–2013	2014–2015
Staff costs	1 412 000	1 399 632	1 447 460
Temporary assistance and overtime	69 930	69 936	20 000
Consultants	136 250	131 830	160 000
Contractors	3 269 934	3 163 898	3 800 000
Travel of staff	27 972	35 016	50 000
Experts and expert groups	48 951	35 496	20 000
Training	_	_	20 000
General operating expenses	97 902	108 576	104 000
Contributions to common services	163 200	166 608	167 000
Subtotal	**5 226 139**	**5 110 992**	**5 788 460**
Programme support costs	679 398	664 428	752 500
Adjustment to working capital reserve	245 080	(5 400)	31 770[a]
Total	**6 150 617**	**5 770 020**	**6 572 730**

[a] In accordance with decision 17/CMP.7, paragraph 6, the working capital reserve has been established at 8.3 per cent of estimated expenditure for one year. The current working capital reserve is EUR 239,680 and the working capital reserve for the biennium 2014–2015 amounts to EUR 271,450, a difference of EUR 31,770.

12.   For the biennium 2014–2015, it is proposed to increase the resource requirements for contractors, in order to absorb the spike in development work related to the implementation of the requirements of the second commitment period of the Kyoto Protocol. At the same time, the hardware for the ITL server infrastructure, including standard software, needs to be replaced as this equipment is reaching the end of its serviceable life. The cost of this renewal as well as the indexation applied by some contractors on existing contracts have been included in the budget line for contractors.

13.   Resource requirements for travel are proposed to increase as, in accordance with United Nations rules, contracts of ITL vendors will be subject to a mandatory, new, competitive procurement process in 2015. Servicing this process will involve additional staff resource requirements and staff travel related to site visits to prospective bidders.

14.   A training budget of EUR 20,000 is proposed, owing to the turnover of experts who have staffed registry systems since their inception. This training is particularly important so as to maintain accumulated historical knowledge. To that end, within the framework of the RSA Forum, in the biennium 2014–2015, the secretariat will start offering online and classroom training to RSAs on the general functioning of registry systems, the interoperability between registries and the ITL, and other relevant knowledge areas.

15.   The resource requirements for general operating expenses have been adjusted to reflect the actual expenditure for general operating requirements in the biennium 2012–2013.

16.   The ITL administrator will take the following measures to keep the resource requirements of the ITL in the biennium 2014–2015 to a minimum:

        (a)   Engaging RSAs in the annual review of national registries, thereby avoiding the cost of consultants;

        (b)   Monitoring and analysing incidents in registry systems and reviewing the technical standards for data exchange between registry systems under the Kyoto Protocol, with a view to further reducing the number of such incidents and the related costs of the ITL service desk;

        (c)   Continuing to use secretariat staff instead of more expensive consultants, where possible.

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