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Item 9 (a) of the provisional agenda

ADMINISTRATIVE AND FINANCIAL MATTERS

INTERIM FINANCIAL PERFORMANCE FOR THE BIENNIUM 2002–2003

Unaudited financial statements for the biennium 2002–2003
as at 31 December 2002

Note by the Executive Secretary

Summary

The financial procedures of the Convention stipulate that “an interim statement of accounts for the first year of the financial period shall be provided to the Conference of Parties during the second year of the period” (FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex I, para. 19).

The unaudited financial statements for the biennium 2002–2003, as at 31 December 2002, are attached to this note.

The Subsidiary Body for Implementation may wish to take note of the information contained in the interim financial statements and decide on the actions it may deem necessary to be included in draft decisions on administrative and financial matters to be recommended for adoption by the Conference of the Parties at its ninth session.

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I. CERTIFICATION OF THE FINANCIAL STATEMENTS

19 June 2003

I certify that the appended financial statements of the United Nations Framework Convention on Climate Change, numbered I to IV, for the 12-month period of the biennium 2002–2003 ending 31 December 2002, are fairly stated.

(signed) Joke Waller-Hunter
Executive Secretary
Secretariat of the UNFCCC

**II. FINANCIAL STATEMENTS FOR THE 12-MONTH PERIOD OF THE
BIENNIUM 2002–2003 ENDING 31 DECEMBER 2002**

Statement I

**Statement of income and expenditure and changes in reserves and fund balances for the 12-month period of the biennium 2002–2003
ending 31 December 2002 (expressed in United States dollars)**

	Schedule or note reference	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for special annual contribution from the Government of Germany (FQ)	
		2002	2000	2002	2000	2002	2000	2002	2000
		INCOME							
Indicative contributions	Note 2 (i)	16 323 885	11 187 186						
Voluntary contributions	Note 2 (ii)	660 015	713 630	888 802	1 808 147	2 284 392	2 316 583	1 622	1 653 139
Programme support cost income	Note 10								
Other/miscellaneous income									
Interest income	Note 2 (iii)	236 519	591 495	21 982	31 777	163 980	210 420	30 587	58 691
Miscellaneous	Note 2 (iv)	121 693	25 401	10 463	77 033	16 289	4 304	-	-
TOTAL INCOME		17 342 112	12 517 712	921 247	1 916 957	2 464 661	2 531 307	1 653	1 711 830
EXPENDITURE									
Staff and other personnel costs		9 207 304	6 649 248			1 003 435	605 153	347 873	589 327
Travel		642 458	796 300	1 179 689	1 987 334	821 965	1 006 947	45 709	20 643
Contractual services		335 740	417 468				45 724		
Operating expenses		563 251	600 968		1 990	89 995	106 183	897 230	910 574
Acquisitions		340 247	430 081				10 561	59 782	13 920
Fellowships grants and other		850 000	974 228				103 305		
Total direct expenditure	Note 3	11 939 000	9 868 293	1 179 689	1 989 324	1 915 395	1 877 873	1 350	1 534 464
Programme support costs		1 552 070	1 282 878	153 360	258 612	248 946	244 123	175 577	195 130
TOTAL EXPENDITURE		13 491 070	11 151 171	1 333 049	2 247 936	2 164 341	2 121 996	1 526	1 729 594
Prior period adjustments	Note 4	93 455	73 396	20 732	75 523	170 138	17 838	10 154	32 624
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		3 944 497	1 439 937	(391 070)	(255 456)	470 458	427 149	137 539	14 860
Transfers (to) from reserves and other funds									
Refund to donors	Note 5					(13 919)			(320 312)
Savings on prior period's obligations	Note 2 (e)	730 057	564 587	159 476	111 898	116 445	137 215	78 110	250 953
RESERVES AND FUND BALANCES AT BEGINNING OF PERIOD		7 232 179	8 152 548	630 239	477 481	4 426 171	2 245 666	675 496	638 590
RESERVES AND FUND BALANCES AT END OF PERIOD		11 906 733	10 157 072	398 645	333 923	4 999 155	2 810 030	891 145	584 091

Statement I (continued)

	Schedule or note reference	Trust Fund for UNFCCC Technical Cooperation (UNFIP) (FU)		Special Account for UNFCCC Programme support costs (ZR)		Total	
		2002	2000	2002	2000	2002	2000
INCOME							
Indicative contributions	Note 2 (i)					16 323 885	11 187 186
Voluntary contributions	Note 2 (ii)		932 765			5 456 178	7 424 264
Programme support cost income	Note 10			2 129 953	1 980 743	2 129 953	1 980 743
Other/miscellaneous income							
Interest income	Note 2 (iii)	12 300	6 470	54 042	860	519 410	899 713
Miscellaneous	Note 2 (iv)					148 445	106 738
TOTAL INCOME		12 300	939 235	2 183 995	1 981 603	24 577 871	21 598 644
EXPENDITURE							
Staff and other personnel costs		107 573		2 764 403	479 726	13 430 588	8 323 454
Travel		16 510		22 370		2 728 701	3 811 224
Contractual services		339 821		79 624		755 185	463 192
Operating expenses		2 591		43 836		1 596 903	1 619 715
Acquisitions		3 997		75 190	128 693	479 216	583 255
Fellowships grants and other		83 619				933 619	1 077 533
Total direct expenditure	Note 3	554 111		2 985 423	608 419	19 924 212	15 878 373
Programme support costs						2 129 953	1 980 743
TOTAL EXPENDITURE		554 111		2 985 423	608 419	22 054 165	17 859 116
Prior period adjustments	Note 4			(140 931)		153 548	199 381
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(541 811)	939 235	(942 359)	1 373 184	2 677 254	3 938 909
Transfers (to) from reserves and other funds							
Refund to donors	Note 5					(13 919)	(320 312)
Savings on prior period's obligations	Note 2 (e)			6 540		1 090 628	1 064 653
RESERVES AND FUND BALANCES AT BEGINNING OF PERIOD		1 084 693		2 438 789		16 487 567	11 514 285
RESERVES AND FUND BALANCES AT END OF PERIOD		542 882	939 235	1 502 970	1 373 184	20 241 530	16 197 535

Statement II
Statement of assets, liabilities, reserves as at 31 December 2002
(expressed in United States dollars)

	Schedule or note reference	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for special annual contribution from the Government of Germany (FQ)	
		2002	2000	2002	2000	2002	2000	2002	2000
<u>ASSETS</u>									
Cash and term deposits	Note 2 (f), 6	7 427 380	10 208 195	577 428	1 810 301	6 119 567	3 664 070	954 570	791 243
Accounts receivable:									
Indicative contributions receivable from Parties	Sched. 1.1	6 000 670	928 751						
Inter-fund balances receivable		1 081 057	500 977	20 011					208 057
Other accounts receivable	Note 7	529 979	737 354	4 767	179 287	35 568	1 920	6 633	426
Operating funds provided to executing agencies		-	-	-	-	-	-	-	-
TOTAL ASSETS		15 039 086	12 375 277	602 206	1 989 588	6 155 135	3 665 990	961 203	999 726
<u>LIABILITIES</u>									
Contributions/payments received in advance	Sched. 1.1	1 082 406	776 221						
Unliquidated obligations		596 246	1 018 241	203 561	1 183 985	153 982	355 565	61 043	415 635
Accounts payable									
Inter-fund balances payable					471 680	93 191	210 395	9 015	
Other accounts payable	Note 8	1 453 701	423 743			908 807	290 000		
TOTAL LIABILITIES		3 132 353	2 218 205	203 561	1 655 665	1 155 980	855 960	70 058	415 635
<u>RESERVES AND FUND BALANCES</u>									
Operating reserve	Note 9			117 969	298 399	287 245	281 681	202 589	225 150
Working capital reserve	Note 9	990 937	819 068						
Reserve for allocations									
Cumulative surplus (deficit)		10 915 796	9 338 004	280 676	35 524	4 711 910	2 528 349	688 556	358 941
TOTAL RESERVES AND FUND BALANCES		11 906 733	10 157 072	398 645	333 923	4 999 155	2 810 030	891 145	584 091
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		15 039 086	12 375 277	602 206	1 989 588	6 155 135	3 665 990	961 203	999 726

Statement II (continued)

	Schedule or note reference	Trust Fund for UNFCCC technical cooperation (UNFIP) (FU)		Special account for UNFCCC Programme support costs (ZR)		Total	
		2002	2000	2002	2000	2002	2000
<u>ASSETS</u>							
Cash and term deposits	Note 2 (f), 6	5 864	300 000	2 098 679	1 200 000	17 183 488	17 973 809
Accounts receivable:							
Indicative contributions receivable from Parties	Sched. 1.1					6 000 670	928 751
Inter-fund balances receivable			29 756		315 203	1 101 068	1 053 993
Other accounts receivable	Note 7	1 614	215	11 726	860	590 287	920 062
Operating funds provided to executing agencies		535 439	609 264			535 439	609 264
TOTAL ASSETS		542 917	939 235	2 110 405	1 516 063	25 410 952	21 485 879
<u>LIABILITIES</u>							
Contributions/Payments received in advance	Sched. 1.1					1 082 406	776 221
Unliquidated obligations				84 024	142 879	1 098 856	3 116 305
Accounts payable							
Inter-fund balances payable		35		523 411		625 652	682 075
Other accounts payable	Note 8					2 362 508	713 743
TOTAL LIABILITIES		35		607 435	142 879	5 169 422	5 288 344
<u>RESERVES AND FUND BALANCES</u>							
Operating reserve	Note 9			428 991	396 149	1 036 794	1 201 379
Working capital reserve	Note 9					990 937	819 068
Reserve for allocations		319 149	609 264				
Cumulative surplus (deficit)		223 733	329 971	1 073 979	977 035	18 213 799	14 177 088
TOTAL RESERVES AND FUND BALANCES		542 882	939 235	1 502 970	1 373 184	20 241 530	16 197 535
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		542 917	939 235	2 110 405	1 516 063	25 410 952	21 485 879

Statement III

Statement of cash flows for the 12-month period of the biennium 2002–2003 ending 31 December 2002
(expressed in United States dollars)

	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for special annual contribution from the Government of Germany (FQ)		Trust Fund for UNFCCC technical cooperation (UNFIP) (FU)		Special account for UNFCCC Programme support costs (ZR)	
	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>												
Net excess (shortfall) of income over expenditures (Statement I)	3 944 497	1 439 937	(391 070)	(255 456)	470 458	427 149	137 539	14 860	(541 811)	939 235	(942 359)	1 373 184
Increase (decrease) in contributions receivable	(2 578 976)	262 900										
Increase (decrease) in other accounts receivable	332 718	(89 028)	190	(163 391)	(10 950)	81 288	(2 278)	84 243	958	(215)	(3 210)	(860)
Increase (decrease) in other assets		35 516		536 628					(97 253)	(609 264)		
Increase (decrease) in contributions received in advance	823 108	361 523										
Increase (decrease) in accounts payable	(73 878)	56 646			(199 997)	(17 612)						
Increase (decrease) in unliquidated obligations	(1 409 274)	(694 589)	(280 833)	30 949	(86 734)	193 455	(209 373)	(363 336)			70 499	142 879
Less: Interest income received	(236 519)	(591 495)	(21 982)	(31 777)	(163 980)	(210 420)	(30 587)	(58 691)	(12 300)	(6 470)	(54 042)	(860)
NET CASH FROM OPERATING ACTIVITIES	801 676	781 410	(693 695)	116 953	8 797	473 860	(104 699)	(322 924)	(650 406)	323 286	(929 112)	1 514 343

Statement III (continued)

	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for special annual contribution from the Government of Germany (FQ)		Trust Fund for UNFCCC technical cooperation (UNFIP) (FU)		Special account for UNFCCC Programme support costs (ZR)	
	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002	2000
<u>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</u>												
Increase (decrease) in inter-fund balances receivable	(336 334)	(486 662)	(20 011)					(208 057)		(29 756)		(315 203)
Increase (decrease) in inter-fund balances payable			(128 198)	(76 612)	(413 338)	187 829	(132 192)	(54 347)	(64 093)		380 575	
Plus: Interest income received	236 519	591 495	21 982	31 777	163 980	210 420	30 587	58 691	12 300	6 470	54 042	860
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	(99 815)	104 833	(126 227)	(44 835)	(249 358)	398 249	(101 605)	(203 713)	(51 793)	(23 286)	434 617	(314 343)
<u>CASH FLOWS FROM OTHER SOURCES</u>												
Savings on prior period's obligations	730 057	564 587	159 476	111 898	116 445	137 215	78 110	250 953			6 540	
Other adjustments to fund balance					(13 919)			(320 312)				
Net cash from other sources	730 057	564 587	159 476	111 898	102 526	137 215	78 110	(69 359)			6 540	
Net increase (decrease) in cash and term deposits	1 431 918	1 450 830	(660 446)	184 016	(138 035)	1 009 324	(128 194)	(595 996)	(702 199)	300 000	(487 955)	1 200 000
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD	5 995 462	8 757 365	1 237 874	1 626 285	6 257 602	2 654 746	1 082 764	1 387 239	708 063		2 586 634	
CASH AND TERM DEPOSITS AT END OF PERIOD	7 427 380	10 208 195	577 428	1 810 301	6 119 567	3 664 070	954 570	791 243	5 864	300 000	2 098 679	1 200 000

Statement IV
The core budget: statement of appropriations for the 12-month period of the biennium 2002–2003 ending 31 December 2002
(expressed in United States dollars)

Budget classification	Approved budget	Expenditures			Balance
		Disbursements	Unliquidated obligations	Total	
Executive Direction and Management (EDM)	1 665 817	1 211 394	11 426	1 222 820	442 997
Intergovernmental and Conference Affairs / Management and Coordination	390 622	328 347	15 306	343 653	46 969
Intergovernmental and Conference Affairs / Intergovernmental and Legal Affairs	302 850	273 426	0	273 426	29 424
Total ICA	693 472	601 773	15 306	617 079	76 393
Methods, Inventories and Science / Management and Coordination	1 237 352	983 244	119 928	1 103 172	134 180
Methods, Inventories and Science / Methods	571 175	302 105	220	302 325	268 850
Methods, Inventories and Science / GHG Inventories	938 375	769 812	5 876	775 688	162 687
Total MIS	2 746 902	2 055 161	126 024	2 181 185	565 717
Sustainable Development / Management and Coordination	694 520	566 602	13 777	580 379	114 141
Sustainable Development / Transfer of Technology	510 875	464 049	7 125	471 174	39 701
Total SD	1 205 395	1 030 651	20 902	1 051 553	153 842
Cooperative Mechanisms (COOP)	858 203	611 594	16 609	628 203	230 000
Implementation / Management and Coordination	1 016 928	784 960	65 332	850 292	166 636
Implementation / Annex I Implementation	663 250	648 627	13 061	661 688	1 562
Implementation / Non-Annex I Implementation	841 075	752 950	10 466	763 416	77 659
Total IMP	2 521 253	2 186 537	88 859	2 275 396	245 857
Administrative Services (secretariat-wide support costs) (AS)	1 541 620	1 022 130	263 288	1 285 418	256 202
Conference Affairs Services (CAS)	1 066 421	956 627	21 853	978 480	87 941
Information Service (IS)	1 744 169	1 666 887	31 979	1 698 866	45 303
TOTAL	14 043 252	11 342 754	596 246	11 939 000	2 104 252

Schedule 1.1

Status of indicative contributions to the core budget as at 31 December 2002
(expressed in United States dollars)

Parties	Indicative contributions receivable as at 1 Jan. 2002	Contributions received in advance as at 1 Jan. 2002	Indicative contributions for 2002 and adjustment of prior periods	Collections 2002	Indicative contributions received in advance for 2003	Indicative contributions receivable as at 31 Dec. 2002
Albania	-	19	474	805	350	
Algeria	7 720	-	11 223	18 943	-	
Angola	673	-	316	2 495	1 506	
Antigua and Barbuda	-	1 098	316	-	782	
Argentina	92 857	-	183 208	-		276 065
Armenia	4 293	-	316	-		4 609
Australia	16 960	-	259 242	229 883		46 319
Austria	-	-	150 803	150 778		
Azerbaijan	25 366	-	632	10 632		15 366
Bahamas	-	2 300	1 897	-	403	-
Bahrain	4 894	-	2 845	7 720		
Bangladesh	5 436	-	1 581	-		7 017
Barbados	708	-	1 423	2 130		
Belarus	-	-	3 003	3 004	1	-
Belgium	3 570	-	179 889	-	-	183 459
Belize	-	-	163	163	-	
Benin	-	342	316	-	26	
Bhutan	-	735	163	-	572	
Bolivia	-	-	1 265	-	-	1 265
Bosnia and Herzegovina	441	-	632	-	-	1 073
Botswana	-	355	1 581	2 762	1 536	-
Brazil	268 954	-	330 850	95 061		504 743
Bulgaria	-	1 138	2 055	2 914	1 997	-
Burkina Faso	108	-	316	-		424
Burundi	977	-	163	-		1 140
Cambodia	1 736	-	316	-		2 052
Cameroon	6 300	-	1 423	-		7 723
Canada	-	11 762	407 674	394 122		1 790
Cape Verde	1 988	-	163	-		2 151
Central African Republic	1 860	-	163	-		2 023
Chad	1 779	-	163	-		1 942
Chile	6 846	-	29 560	-		36 406
China	15	-	244 225	199 968		44 272
Colombia	4 590	-	27 031	-		31 621
Comoros	1 779	-	163	-		1 942
Congo	1 728	-	163	-		1 891
Cook Islands	-	145	163	-		18
Costa Rica	3 146	-	3 161			6 307

Schedule 1.1 (continued)

Parties	Indicative contributions receivable as at 1 Jan.2002	Contributions received in advance as at 1 Jan .2002	Indicative contributions for 2002 and adjustment of prior periods	Collections 2002	Indicative contributions received in advance for 2003	Indicative contributions receivable as at 31 Dec. 2002
Côte d'Ivoire	5 281	-	1 423	-	-	67 04
Croatia	-	9 378	6 165	-	3 213	-
Cuba	340	-	4 742	5089	7	0
Cyprus	443	-	6 007	-	-	6 450
Czech Republic	-	-	27 189	58 374	31 185	-
Democratic People's Republic of Korea	14 035	-	1 423	-	-	15 458
Democratic Republic of Congo	451	-	632	-	-	1 083
Denmark	6 768	-	119 346	126 084	-	30
Djibouti	74	-	163	-	-	237
Dominica	1 779	-	163	-	-	1 942
Dominican Republic	20	-	3 636	-	-	3 656
Ecuador	-	1 152	3 952	-	-	2 800
Egypt	8 934	-	12 804	8 934	-	12 804
El Salvador	-	-	2 845	2 845	-	-
Equatorial Guinea	110	-	163	-	-	273
Eritrea	-	735	163	-	572	-
Estonia	-	1 581	1 581	1 536	1 536	-
Ethiopia	-	205	632	1 026	599	-
European Community	154	-	408 098	408 155	-	97
Fiji	15	-	632	629	-	18
Finland	-	1 954	83 147	81 193	-	-
France	-	4 255	1 030 014	1 025 759	-	-
Gabon	4 730	-	2 213	-	-	6 943
Gambia	-	582	163	-	419	-
Georgia	15 842	-	790	-	-	16 632
Germany	-	-	1 556 244	1 278 190	-	278 054
Ghana	1 304	-	790	-	-	2 094
Greece	21 086	-	85 834	85 834	-	21 086
Grenada	-	-	163	-	-	163
Guatemala	-	-	4 268	2 985	-	1 283
Guinea	2 586	-	474	-	-	3 060
Guinea-Bissau	1 727	-	163	-	-	1 890
Guyana	1 779	-	163	-	-	1 942
Haiti	815	-	316	-	-	1 131
Honduras	2 839	-	632	-	-	3 471
Hungary	1	-	19 127	19 128	-	-
Iceland	136	-	5 216	10 397	5 046	1
India	39 286	-	54 378	93 614	-	50

Schedule 1.1 (continued)

Parties	Indicative contributions receivable as at 1 Jan 2002	Contributions received in advance as at 1 Jan 2002	Indicative contributions for 2002 and adjustment of prior periods	Collections 2002	Indicative contributions received in advance for 2003	Indicative contributions receivable as at 31 Dec. 2002
Indonesia	24 355	-	31 773	16 550	-	39 578
Ireland	-	46 948	46 948	37 347	37 347	-
Islamic Republic of Iran	27 904	-	37 306	34 532	-	30 678
Israel	7 409	-	66 075	73 484	-	-
Italy	5 000	37 517	806 812	-	-	774 295
Jamaica	-	4 768	632	-	4 136	-
Japan	2 097 462	-	3 109 168	2 164 898	-	3 041 732
Jordan	668	-	1 265	-	-	1 933
Kazakhstan	47 571	-	4 584	19 974	-	32 181
Kenya	117	-	1 265	-	-	1 382
Kiribati	-	15	163	130	-	18
Kuwait	12 914	-	23 395	-	-	36 309
Kyrgyzstan	381	-	163	-	-	544
Lao People's Democratic Replubic	-	735	163	-	572	-
Latvia	-	1 581	1 581	1 536	1 536	-
Lebanon	-	410	1 897	1 462	-	25
Lesotho	-	2 257	1 289	-	3 546	-
Libyan Arab Jamahiriya	25 140	-	10 591	-	-	35 731
Lithuania	241	-	2 687	5 518	2 590	-
Luxembourg	1 327	-	12 646	13 973	-	-
Madagascar	-	98	474	-	-	376
Malawi	215	-	316	531	-	-
Malaysia	5 966	-	37 464	43 430	-	-
Maldives	-	1 374	163	1 053	2 264	-
Mali	2 264	-	316	-	-	2 580
Malta	133	-	2 371	-	-	2 504
Marshall Islands	22	-	163	343	158	-
Mauritania	1 779	-	163	435	-	1 507
Mauritius	221	-	1 739	3 650	1 690	-
Mexico	82 995	-	173 092	237 419	-	18 668
Micronesia	-	940	163	-	777	-
Monaco	-	687	632	-	55	-
Mongolia	-	1 382	163	-	1 219	-
Morocco	-	868	7 113	-	-	6 245
Mozambique	-	654	163	-	491	-
Myanmar	221	-	1 581	-	-	1 802

Schedule 1.1 (continued)

Parties	Indicative contributions receivable as at 1 Jan 2002	Contributions received in advance as at 1 Jan 2002	Indicative contributions for 2002 and adjustment of prior periods	Collections 2002	Indicative contributions received in advance for 2003	Indicative contributions receivable as at 31 Dec. 2002
Namibia	-	1 107	1 107	-	-	-
Nauru	414	-	163	-	-	577
Nepal	298	-	632	-	-	930
Netherlands	12 887	-	276 788	289 675	-	-
New Zealand	2 346	-	38 412	77 764	37 006	-
Nicaragua	-	826	163	-	663	-
Niger	2 069	-	163	-	-	2 232
Nigeria	-	3 521	8 852	-	-	5 331
Niue	-	65	163	98	-	-
Norway	4 447	-	103 065	107 512	-	-
Oman	-	9 801	9 801	-	-	-
Pakistan	19 139	-	9 643	8 000	-	20 782
Palau	200	-	163	726	363	-
Panama	552	-	2 845	2 991	-	406
Papua New Guinea	-	90	948	-	-	858
Paraguay	7 285	-	2 529	-	-	9 814
Peru	23 898	-	18 811	-	-	42 709
Philippines	23 098	-	15 966	23 098	-	15 966
Poland	-	-	50 426	-	-	50 426
Portugal	22	-	73 663	74 311	626	-
Qatar	7 320	-	5 375	12 675	-	20
Republic of Korea	79687	-	294967	374654	-	-
Republic of Moldova	18 342	-	316	-	-	18 658
Romania	-	7 503	9 326	14 118	12 295	-
Russian Federation	1 551	-	189 689	126 400	-	64 840
Rwanda	347	-	163	-	-	510
Saint Kitts and Nevis	-	735	163	-	572	-
Saint Lucia	-	1 577	316	-	1 261	-
Saint Vincent and the Grenadines	914	-	163	-	-	1 077
Sao Tome & Principe	218	-	163	511	130	-
Saudi Arabia	-	326	88 364	88 038	-	-
Senegal	-	84	790	-	-	706
Seychelles	-	119	316	-	-	197
Sierra Leone	1 779	-	163	-	-	1 942
Singapore	-	-	62 598	62 598	-	-
Slovakia	884	-	6 797	7 681	-	-
Slovenia	-	12 778	12 804	12 470	12 444	-

Schedule 1.1 (continued)

Parties	Indicative contributions receivable as at 1 Jan 2002	Contributions received in advance as at 1 Jan 2002	Indicative contributions for 2002 and adjustment of prior periods	Collections 2002	Indicative contributions received in advance for 2003	Indicative contributions receivable as at 31 Dec. 2002
Solomon Islands	218	-	163	-	-	381
South Africa	-	64 969	64 969	64 269	64 269	-
Spain	-	6 137	401 351	395 214	-	-
Sri Lanka	1 765	-	2 529	1 765	-	2 529
Sudan	4 272	-	948	-	-	5 220
Suriname	14 08	-	316	-	-	1 724
Swaziland	-	334	316	-	18	-
Sweden	-	4 981	163 607	158 611	-	15
Switzerland	102 290	-	201 387	303 652	-	25
Syrian Arab Republic	20 702	-	12 804	-	-	33 506
Tajikistan	1 064	-	163	1 375	148	-
Thailand	13 536	-	40 151	44 049	-	9 638
The Former Yugoslav Republic of Macedonia	1 512	-	948	-	-	2 460
Togo	1 860	-	163	-	-	2 023
Tonga	18	-	163	-	-	181
Trinidad and Tobago	-	2372	2 529	-	-	157
Tunisia	5 356	-	4 900	3 087	-	7 169
Turkmenistan	3 079	-	474	-	-	3 553
Tuvalu	80	-	163	-	-	243
Uganda	-	461	790	-	-	329
Ukraine	-	-	8 378	-	-	8 378
United Arab Emirates	29 263	-	32 247	54 746	-	6 764
United Kingdom of Great Britain and Northern Ireland	52 792	-	881 898	934 690	-	-
United Republic of Tanzania	2 421	-	632	-	-	3 053
United States of America	-	-	3477640	4322498	844858	-
Uruguay	13 181	-	12 804	-	-	25 985
Uzbekistan	-	1 389	1 739	-	-	350
Vanuatu	-	1 631	163	-	1 468	-
Venezuela	5 311	-	33 196	-	-	38 507
Viet Nam	-	-	2 055	2 040	-	15
Yemen	4 849	-	1 107	-	-	5 956
Yugoslavia	10 617	-	3 161	13 778	-	-
Zambia	2 264	-	316	-	-	2 580
Zimbabwe	1 555	-	1 265	-	-	2 820
Total	3 426 694	259 298	16 322 433^a	14 571 565	1 082 406	6 000 670

^a Less US\$ 1 452 representing Lesotho remittance received in 1997 but never reflected on schedule 1.1

Schedule 1.2
Status of voluntary contributions as at 31 December 2002
(expressed in United States dollars)

Parties/Trust Funds	Voluntary contributions received in 2002
I. Trust Fund for the Core Budget of the UNFCCC (FC)	
Germany	660 015
TOTAL	660 015
II. Trust Fund for Participation in the UNFCCC Process (FI)	
Canada	31 328
Germany	100 000
Finland	54 010
Greece	10 000
Iceland	1 973
Ireland	57 818
Norway	29 081
Portugal	9 978
Sweden	90 693
United Kingdom of Great Britain and Northern Ireland	146 420
United States of America	357 502
TOTAL	888 802
III. Trust Fund for Supplementary Activities (FR)	
Australia	5 292
Belgium	23 205
Canada	540 102
Denmark	99 975
Finland	14 730
Germany	50 000
Iceland	2 975
Italy	86 987
Japan	500 000
Monaco	930
Netherlands	327 025
New Zealand	10 000
Norway	155 725
Portugal	20 310
Switzerland	125 776
United Kingdom of Great Britain and Northern Ireland	91 457
Sub-total	2 054 487
Public donations	229 905
TOTAL	2 284 392
IV. Trust Fund for special annual contribution from the Government of Germany (FQ)	
Germany	1 622 969
TOTAL	1 622 969
GRAND TOTAL	5 456 178

III. NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of purpose

The permanent secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) was established on 1 January 1996 with the following purposes:

- (a) To make arrangements for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention and to provide them with services as required;
- (b) To compile and transmit reports submitted to it;
- (c) To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Convention;
- (d) To prepare reports on its activities and present them to the Conference of the Parties;
- (e) To ensure the necessary coordination with the secretariats of other relevant international bodies;
- (f) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions;
- (g) To perform the other secretariat functions specified in the Convention and in any of its protocols and such other functions as may be determined by the Conference of the Parties.

Note 2: Accounting policies

The following are the accounting policies of the UNFCCC:

- (a) Rules and procedures

The accounts of the Convention are maintained in accordance with the Financial Regulations of the United Nations and its own Financial Rules and in conformity with the United Nations System Common Accounting Standards (A/48/530) as recognized by General Assembly resolution 48/216 C of 23 December 1993 and subsequent revisions.

Under the financial procedures adopted by the Conference of the Parties, the Executive Secretary prepares the administrative core budget for the following biennium and submits it to the Conference of the Parties for its consideration and approval. The approval of the budget constitutes authority to the Executive Secretary to issue allotments, incur obligations and make payments for the purposes for which the appropriations were approved. In the biennium 2002–2003, the Conference of the Parties approved a core budget of US\$ 28.82 million (or US\$ 32.84 million including overheads and adjustment to the working capital reserve), out of which the equivalent of € 1.53 million is paid by the host Government and US\$ 5 million is to be drawn from savings from the prior period. The remaining amount is raised by all Parties, which are invited to make contributions based on an adjusted United Nations scale of assessment.

(b) Accounting convention

The accounts are prepared on the historical cost basis, modified to the extent that the cost of all property acquired is charged as an expense in the year of purchase.

The UNFCCC accounts are maintained on a “fund accounting” basis.

Separate funds for general or special purposes may be established by the Conference of the Parties or the Executive Secretary. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts.

(c) Contingent liabilities

The expenditures do not include possible costs to cover contingencies under Appendix D to the United Nations staff rules, for personnel financed under resources obtained from contributions.

(d) Income tax refund policy

The UNFCCC salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(e) Unliquidated obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed in the financial period. Unliquidated obligations for the current period in respect of all UNFCCC activities remain valid for 12 months following the end of the period to which they relate.

(f) Cash and term deposits

Funds on deposit in interest-bearing bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash. All term deposits are placed in line with the United Nations investments policies and guidelines.

(g) Income

(i) Indicative contributions from Parties

Income from indicative contributions is recognized on an accrual basis based on the budget approved by the Conference of the Parties.

(ii) Voluntary contributions

Voluntary contributions to UNFCCC trust funds, which include funds received under inter-organization arrangements, are recorded as income when received.

(iii) Interest income

Interest income is based only on amounts received and accrued from cash and term deposits relating to the financial period. Interest due from cash and term deposits made in the financial period but not maturing until future periods is recorded as accounts receivable.

(iv) Miscellaneous income

Refunds of expenditures charged to prior financial periods, net gains on exchange, moneys accepted for which no purpose is specified, and proceeds from the sale of surplus property are credited to miscellaneous income.

(v) Contributions

All contributions to secretariat's activities are deposited with United Nations Office in Geneva (UNOG). UNFCCC operates an imprest account in Euro to cover its expenditure in Bonn. Reports on the utilization of the imprest account are submitted to UNOG on a regular basis.

(h) Translation of currencies

The financial statements of the UNFCCC are presented in United States dollars, which is the currency best suited to its operations. As per United Nations accounting standards, transactions in other currencies are recorded in United States dollars by applying the United Nations operational rate of exchange at the time of the transaction. Realized exchange losses are charged to the appropriate budgetary account.

Note 3: Trust Funds expenditures

The total direct expenditure of US\$ 19,924,212 in Statement I includes unliquidated obligations of US\$ 1 098 856 and an exchange rate loss of US\$ 426 in the operating expenses.

Note 4: Prior period adjustments

Adjustments were made for US\$ 1,452 paid for the indicative contribution by the Government of Lesotho in 1997, which was recorded as voluntary contribution in the past. The amount of US\$ 5,000 received from Italy in 1997, which was recorded as payment for indicative contribution, was indeed a voluntary contribution to fund FR. The retained amount of US\$ 150,000 out of the fund for UNFCCC relocation from Geneva to Bonn, which was set aside for payments of non-removal entitlement, was transferred to the fund balance because the expenditures were covered from the common staff costs under the relevant funds.

Note 5: Refund to donors

This represents the refund of US\$ 13,919 to the Government of the Netherlands.

Note 6: Cash and term deposits

	United States dollars
Imprest – Bonn	207 435
Interest-bearing bank deposits maturing within 12 months	16 976 053
Total	17 183 488

Note 7: Other accounts receivable

	United States dollars
Education grant advances	253 910
Travel advances	46 317
Salary advances	37 799
Value Added Tax	80 890
Accrued interest receivable	111 577
Others	59 794
Total	590 287

Note 8: Other accounts payable

	United States dollars
Unspent balance of Kyoto Conference	908 804
Payables to Host Governments relating to conferences (Note 14)	1 129 107
Reserve for Appendix D	245 732
Others	78 865
Total	2 362 508

Note 9: Operating and working capital reserve

Operating reserves are established at 15 per cent (FR and FQ) and 10 per cent (FI) of the total annual expenditure under the voluntary general trust funds and an operating reserve for programme support account (ZR) is maintained at 20 per cent of annual programme support income earned. Working capital reserve is maintained at 8.3 per cent of the total annual expenditure under the core budget (FC). They are to cover unforeseen shortfalls, uneven cash flows, unplanned costs and other final contingencies. For the reported period there was no need to draw on the operating reserves and therefore the level of reserve was reported as being US\$ 1,036,794 (operating reserve) and US\$ 990,937 (working capital reserve) (Statement II).

Note 10: Programme support

UNFCCC retains 13 per cent of the actual expenditures of all established UNFCCC trust funds under the separate account (ZR), subject to specific exceptions made by the Controller. When a project is shared between UNFCCC and another United Nations agency, programme support charges are also shared accordingly between both organizations with the combined amount not exceeding 13 per cent. For the reported period an amount of US\$ 2,129,953 has been generated as programme support income. (Statement I)

Note 11: Non-expendable inventory

The inventory of non-expendable property as at 31 December 2002 includes furniture and equipment valued at acquisition cost of US\$ 1,008,370.

Note 12: Liabilities for end of service and post retirement

The liability of UNFCCC has been projected for the period 1 January 2002 to 31 December 2002 for the after-service health insurance, end of service leave payments and repatriation grant for employees approaching retirement age.

The present value of future benefits projected to 31 December 2002 is US\$ 177,254, and the accrued liability for the same period is US\$ 16,348.

These benefits are calculated on the basis of the life expectancy (annuity) provided by the United Nations Joint Pension Fund for the calculation of pension benefits. The calculations are applied to all active employees between the ages of 55 and 60 who have the option to retire as of 31 December 2002. The length of service of the staff member starts from his/her entry in the United Nations system.

Staff members who separate from the organization are entitled to be paid for any unused accumulated annual leave up to a maximum of 60 working days as at 31 December. The organization's total liability for such unpaid accumulated annual leave is estimated approximately US\$ 800,000.

All staff members with international status are entitled to repatriation grants upon their separation from the organization. The organization's total liability for such entitlement as of 31 December 2002 is estimated to be approximately US\$ 900,000. The estimated cost is calculated based on the standard staff costs less the staff assessments, and the length of service of the staff members who will be entitled to repatriation grants, as per the benefits laid down by the annexe IV of the United Nations Staff Regulations and Rules.

Note 13: Other donations in kind

There were no donations in kind reported during the period.

Note 14: Other financial implications

In addition to the above statements, UNFCCC received advances totaling US\$ 3,323,035 from four Host Governments for conferences UNFCCC held at the venues offered by respective Governments, against which US\$ 2,273,050 was expended. This includes unliquidated obligations of US\$ 79,122. Net payables to the Governments as at 31 December 2002 amounted to US\$ 1,129,107, which will be refunded to the Governments after closure of the accounts.
