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Item 7 (c) of the provisional agenda

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

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

**Note by the secretariat\***

*Summary*

The secretariat's practice of withholding funding to eligible Parties to participate in the UNFCCC process if they have contributions to the core budget outstanding was suspended at the request of the Subsidiary Body for Implementation (SBI) at its nineteenth session. The SBI also requested the secretariat 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, and the secretariat reported the findings of that review in document FCCC/SBI/2004/2. This present document reflects on the financial implications of suspending the practice outlined above.

\* Submission of this document has been delayed in order to collect the latest information regarding participation.

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## I. Introduction

### A. Mandate

1. The UNFCCC secretariat administers the Trust Fund for Participation in the UNFCCC Process, which enables representatives of developing country Parties and Parties with economies in transition to take part in sessions of the Conference of the Parties (COP) and its subsidiary bodies.
2. The Subsidiary Body for Implementation (SBI), at its nineteenth session, noted the concern of some Parties over the secretariat's practice of not funding delegates from Parties whose contributions are outstanding.<sup>1</sup> The SBI requested the secretariat to suspend this practice through the tenth session of the COP and to review the financial impacts of funding these delegates and the effects on the implementation of paragraph 7 (c) of the financial procedures of the Convention<sup>2</sup> 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.<sup>3</sup>
3. The SBI, at its twentieth session, took note of document FCCC/SBI/2004/2, which stated that the secretariat "will prepare a more comprehensive report for consideration by the SBI at its twenty-second session." This present document reflects on the financial implications of suspending the practice described in paragraph 2 above.

### B. Possible action by the Subsidiary Body for Implementation

4. The SBI may wish to take note of this report and to keep the situation under review in the context of its consideration of the financial performance reports prepared by the secretariat.

## II. Implementation of paragraph 7 (c) of the financial procedures

5. Paragraph 7 (c) of the financial procedures states that the resources of the COP shall comprise, inter alia, voluntary contributions "to support the participation of the representatives of developing country Parties and of other Parties with economies in transition in the Conference of Parties and its subsidiary bodies."
6. As indicated in table 1, at 31 December 2004, the Trust Fund for Participation in the UNFCCC Process had attracted a total income of USD 15.67 million and had used USD 14.98 million to finance the participation of delegates from eligible Parties in sessions of the Convention bodies. Pursuant to decision 16/CP.2,<sup>4</sup> a small percentage of the fund was also 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.
7. Contributions to the trust fund declined during the biennium 2002–2003, so financial support was available to fewer participants than in previous bienniums (table 2), despite the extraordinary efforts made by some Parties. Although the situation has improved in the first half of the biennium 2004–2005, it is still not possible to assure funding for all eligible Parties or for a second delegate from least developed countries or small island developing States.

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<sup>1</sup> It should be noted that the original suspension did not apply to delegates from least developed countries or small island developing states.

<sup>2</sup> FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex I.

<sup>3</sup> FCCC/SBI/2003/19, paragraph 59.

<sup>4</sup> FCCC/CP/1996/15/Add.1.

**Table 1: Trust Fund for Participation in the UNFCCC Process: income and expenditure by biennium as at 31 December 2004**  
(United States dollars)

	1996–1997	1998–1999	2000–2001	2002–2003	2004–2005 <sup>a</sup>	Total <sup>a</sup>
Income	4 946 640	2 746 698	3 842 703	2 214 856	1 921 635	<b>15 672 532</b>
Expenditure	3 909 523	3 306 334	3 689 945	2 499 105	1 578 591	<b>14 983 498</b>

<sup>a</sup> As at 31 December 2004

8. The number of participants funded to attend COP 10 and the concurrent sessions of the subsidiary bodies (when the practice of not funding delegates from Parties with outstanding contributions was in suspension) was almost the same as the number funded to participate in COP 9 (table 2). This is not surprising as the number of Parties originally affected by the suspension was only eight; availability of funds was the determining factor, rather than the suspension.

**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
<b>2000</b>		
SBI 12 / SBSTA 12, Bonn	95	90
SBI 13 / SBSTA 13, Lyon	134	96
COP 6, The Hague	177	114
<b>2001</b>		
COP 6.5 and SBI 14 / SBSTA 14, Bonn	156	119
COP 7 and SBI 15 / SBSTA 15, Marrakesh	109	105
<b>2002</b>		
SBI 16 / SBSTA 16, Bonn	118	110
COP 8 and SBI 17 / SBSTA 17, New Delhi	146	113
<b>2003</b>		
SBI 18 / SBSTA 18, Bonn	90	86
COP 9 and SBI 19 / SBSTA 19, Milan	112	105
<b>2004</b>		
SBI 20 / SBSTA 20, Bonn	120	117
COP 10 and SBI 21 / SBSTA 21, Buenos Aires	115	110

### III. Financial implications of the implementation of the request by the Subsidiary Body for Implementation

9. The intended purpose of withholding financial support to some Parties was to encourage timely payment of indicative contributions to the core budget. Given the short time since the practice was suspended, covering only two sessional periods, it is difficult to determine a trend and draw conclusions on the direct financial impact.

10. The secretariat has no means to determine whether the prospect of suspension of financial support affected contributions to the core budget. However, anecdotal evidence indicates that the prospect of being suspended from receiving support from the trust fund motivated some Parties to pay their outstanding contributions. It also helped some ministries to convince colleagues in the relevant ministries to expedite payment of contributions.

11. In suspending the practice of withholding funding to Parties in arrears, one incentive put in place by the secretariat to encourage Parties to pay their contributions on time has been removed, which may have an adverse effect on the timely payment of contributions.

12. There has been an identifiable decline in contributions to the trust fund in recent years. It is not possible to determine if there is any link to the suspension of the practice of withholding financial support. However, there has been a sharp increase in the practice of contributing Parties to restrict the use of their contributions. For example, one Party indicated that “delegates from countries that are in arrears with their contributions to the UNFCCC core budget can, however, not receive support” from its contribution to the trust fund. Another Party specified that its contribution “should be only used to support the participation of the representatives of the least developing country Parties to the UNFCCC”. And yet another Party requested that its “contributions to the Trust Fund for Participation be targeted to those countries that have contributed to the core budget of the UNFCCC secretariat, consistent with the previous practice of the secretariat” and that its “contributions to this fund be directed to support the participation of delegates from Parties whose delegations at any of the previous FCCC sessions consisted of no more than five people.” Such restrictions, if continued, could result in money being available to fund only a select few Parties, which could seriously affect the participation of others.

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