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**Item 14 (b) of the provisional agenda**

**Administrative, financial and institutional matters**

**Programme budget for the biennium 2010–2011**

**Proposed programme budget for the biennium 2010–2011**

**Note by the Executive Secretary\***

*Summary*

This document contains the programme budget for the biennium 2010–2011 proposed by the Executive Secretary for consideration by the Subsidiary Body for Implementation at its thirtieth session, adoption by the Conference of the Parties at its fifteenth session and endorsement by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session. It should be considered in conjunction with the addenda to this document, which provide details of the work programme and corresponding resource allocations, and list the activities to be funded from supplementary sources.

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

## CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
I. INTRODUCTION .....	1–5	4
A. Mandate .....	1–2	4
B. Scope of the note .....	3	4
C. Possible action by the Subsidiary Body for Implementation..	4–5	4
II. BUILDING THE PROPOSED PROGRAMME BUDGET .....	6–9	5
III. ESTABLISHING THE BASELINE .....	10–12	6
IV. EVOLVING REQUIREMENTS .....	13–21	7
A. New requirements under existing mandates .....	13–20	7
B. Requirements resulting from Copenhagen outcomes .....	21	8
V. PROPOSED PROGRAMME BUDGET .....	22–31	9
A. Proposed budget by object of expenditure .....	24–30	10
B. Proposed budget by programme .....	31	12
VI. RATIO OF CONTRIBUTIONS TOWARDS CORE BUDGET REQUIREMENTS UNDER THE KYOTO PROTOCOL AND UNDER THE CONVENTION .....	32–34	13
VII. OTHER CONSIDERATIONS .....	35–54	14
A. Independent review of the secretariat's structure .....	36–39	14
B. Participation and travel of Compliance Committee members	40–44	15
C. Liabilities related to staff entitlements: actuarial valuation of after-service health benefits, balance of annual leave and repatriation grants .....	45–52	16
D. Fostering climate neutrality of the UNFCCC secretariat .....	53–54	17
VIII. TRUST FUND FOR SUPPLEMENTARY ACTIVITIES .....	55	17
IX. TRUST FUND FOR PARTICIPATION IN THE UNFCCC PROCESS	56	17
X. BONN FUND .....	57–58	18
XI. OVERHEAD CHARGE AND ITS USE .....	59–60	18
XII. CONTINGENCIES .....	61–75	19
A. Conference services .....	61–64	19
B. Resource requirements for work related to agreed outcomes under the Bali Road Map .....	65–75	20

Annex

Methodologies used to calculate costs.....	24
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## **I. Introduction**

### **A. Mandate**

1. The Conference of the Parties (COP), by its decision 8/CP.14, requested the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation (SBI), at its thirtieth session, a proposed programme budget for the biennium 2010–2011, and a contingency for funding conference services, should this prove necessary in the light of decisions taken by the General Assembly at its sixty-third session.
2. The COP also authorized the SBI to recommend, at its thirtieth session, a programme budget for adoption by the COP at its fifteenth session, and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its fifth session.

### **B. Scope of the note**

3. This document contains the proposed programme budget for the biennium 2010–2011. In addition to presenting the required human and financial resources, the document outlines the details of the overall approach and seeks to give Parties a comprehensive overview of all activities that are financed from different sources, including information on contingencies for (1) conference services and (2) the resource requirements for work related to the agreed outcomes under the Bali Road Map. The proposed work programme of the secretariat is presented in document FCCC/SBI/2009/2/Add.1. Activities for which supplementary funding is sought are presented in document FCCC/SBI/2009/2/Add.2, and the resource requirements for the Trust Fund for the International Transaction Log are presented in document FCCC/SBI/2009/2/Add.3. These documents are complemented by the clean development mechanism management plan<sup>1</sup> and the joint implementation management plan.<sup>2</sup>

### **C. Possible action by the Subsidiary Body for Implementation**

4. The SBI is expected:
  - (a) To recommend a programme budget and agree on a draft decision for adoption by the COP at its fifteenth session, and by the CMP at its fifth session;
  - (b) To recommend a contingency budget, as appropriate, and agree on a draft decision for adoption by the COP at its fifteenth session, and by the CMP at its fifth session;
  - (c) To recommend a budget for the international transaction log and agree on a draft decision for adoption by the CMP at its fifth session;
  - (d) To authorize the Executive Secretary to notify Parties of their contributions for 2010 on the basis of the recommended budget.
5. The SBI is also invited:
  - (a) To take note of the financing arrangements for the clean development mechanism (CDM) and joint implementation (JI);
  - (b) To take note of the requirements for voluntary contributions to the Trust Fund for Supplementary Activities and the Trust Fund for Participation in the UNFCCC Process.

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<sup>1</sup> <<http://cdm.unfccc.int/EB/map.html>>.

<sup>2</sup> <<http://ji.unfccc.int/Ref/Docs.html>>.

## II. Building the proposed programme budget

6. The work of the secretariat in support of the implementation of the Convention and its Kyoto Protocol is funded from six trust funds:

- (a) The Trust Fund for the Core Budget of the UNFCCC;
- (b) The Trust Fund for Participation in the UNFCCC Process, which funds the travel of delegates from eligible Parties to participate at sessions;
- (c) The Trust Fund for Supplementary Activities, which finances mandated activities for which resources from the core budget have not been provided;
- (d) The Trust Fund for the Special Annual Contribution from the Government of Germany (the Bonn Fund), which is used to finance the logistical and support arrangements for events taking place in Germany, including workshops and sessions of the subsidiary bodies;
- (e) The Trust Fund for the Clean Development Mechanism, which finances the activities of the CDM from fees and shares of proceeds;
- (f) The Trust Fund for the International Transaction Log, which is used to finance the activities of the international transaction log from fees by user Parties only.

7. The core budget is approved by decisions of the COP and the CMP and funded through indicative contributions from all Parties. The level of income under the other five trust funds is mainly determined by the amount of voluntary contributions and/or the amount of fees received. A summary of the proposed or estimated resources for all trust funds is provided in the annex to document FCCC/SBI/2009/2/Add.1.

8. Within the core budget, two separate indicative scales of contributions for Parties to the Convention and to the Kyoto Protocol are proposed for adoption by the COP and the CMP (see chapter VI below). These indicative scales were prepared using a similar methodology to the one applied in the 2008–2009 programme budget. The proportion of work programme activities in the technical programmes relating to the Convention and its Kyoto Protocol is assessed to determine the ratio of contributions to the resource requirements for each of the two integral parts of the secretariat's activities funded from the core budget. A full explanation of how the ratio is derived is provided in paragraph 32 below.

9. The programme structure presented in this programme budget serves as the basis for the work programme for the biennium 2010–2011 and the accompanying determination of resource requirements. The programmes are:

- (a) Executive Direction and Management (EDM);
- (b) Reporting, Data and Analysis (RDA);
- (c) Financial and Technical Support (FTS);
- (d) Adaptation, Technology and Science (ATS);
- (e) Sustainable Development Mechanisms (SDM);
- (f) Legal Affairs (LA);

- (g) Conference Affairs Services (CAS);
- (h) Information Services (IS);
- (i) Administrative Services (AS).

### III. Establishing the baseline

10. The baseline for the proposed core budget is established by decision 13/CP.13, paragraph 1, which approved the programme budget for the biennium 2008–2009 at USD 54,031,584 (EUR 41,172,068). As a result of the declining exchange rate between the United States dollar and the euro, the COP, by its decision 8/CP.14, authorized the Executive Secretary to incur expenditure during the biennium in United States dollars up to the equivalent of EUR 41,172,068 at the average exchange rate between 1 January 2008 and 31 December 2009. Furthermore, the COP requested the Executive Secretary, when preparing the programme budget for the biennium 2010–2011, to take into consideration ways to minimize the effects of exchange rate fluctuations on the core budget, including measures suggested in document FCCC/SBI/2005/8. In order to present Parties with a realistic level of resource requirements, the programme budget is presented in euros with the baseline of EUR 41,172,068. For information purposes, the equivalent of the proposed budget is indicated in United States dollars at the average United Nations official rate of exchange for the period January 2008–March 2009.<sup>3</sup>

11. The preparation of the programme budget has also been guided by a determination to achieve efficiencies and economies. Where mandates for secretariat outputs will have been completed, redeployments have been proposed. For example, the conclusion of the Bali Road Map process will result in some savings as the team dedicated to supporting the process will be discontinued after the adoption of the agreed outcomes. Further savings in the core budget can be made as the CDM and JI become fully self-financed. In order to keep the financial impact of increased activities (as noted in chapter IV below) to a minimum, in addition to those savings already mentioned above, the Executive Secretary has maintained the following approaches:

- (a) The Executive Secretary has maintained the principle that essential activities should be funded from the core budget. However, in order to limit the increase in this budget, it has been proposed that some mandated activities be funded in part from voluntary contributions, wherever expected income is predictable and sufficient to sustain these activities. For example, based on decision 12/CP.11, three meetings of each of the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention,<sup>4</sup> the Expert Group on Technology Transfer and the Least Developed Countries Expert Group will be funded from the core budget in the biennium 2010–2011, while voluntary contributions will finance any additional meetings. With regard to the Compliance Committee, two plenary meetings and 16 branch meetings are planned for the next biennium. Half of these meetings will be funded from the core budget and funding will be sought from the Trust Fund for Supplementary Activities for the remaining meetings and all workshops. While voluntary contributions and special projects have an important role in service delivery, it must also be noted that they do not provide sufficient security to guarantee the recruitment of staff of the highest calibre;
- (b) In accordance with the principle set out in the financial procedures (decision 15/CP.1) that the core budget shall not subsidize activities funded from supplementary sources,<sup>5</sup>

<sup>3</sup> See the annex to this document for further explanation.

<sup>4</sup> Pending the decision by the COP to extend the mandate for the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

<sup>5</sup> Decision 15/CP.1, annex I, paragraph 17.

costs of support services, which include per capita costs for information services such as data communication, equipment and software, and secretariat-wide costs for telephone and fax communication, training and common premises, have been budgeted, to the extent possible, to the respective source of funding. In this budget proposal, therefore, requirements for support services have been factored into the requirements for supplementary funds for the respective activity, and are not included under requirements from the core budget.

12. In addition to ongoing mandates, such as the open-ended mandate for the secretariat to make arrangements for the meetings of the Convention and Kyoto Protocol bodies or the mandate to support the reporting and review process, new requests are made regularly by the bodies of the Convention and its Kyoto Protocol. The combined effect of completed, ongoing and new mandates has resulted in an increase in the overall workload of the secretariat.

## **IV. Evolving requirements**

### **A. New requirements under existing mandates**

13. The UNFCCC intergovernmental process is one of the most active, complex and ambitious arrangements in the United Nations today. Parties have established important systems for, inter alia, inventories, reporting, review and compliance, in addition to support to intergovernmental and regulatory processes. These systems are characterized by high standards and high expectations. The scale of the intergovernmental process has also greatly increased, with COP sessions now routinely attracting 10,000 participants. The secretariat is committed to maintaining these high standards but it must be recognized that this requires, in addition to hard work and dedication, considerable investment. It has been assumed in the preparation of this programme budget that this trend will continue.

14. Several areas of work will require additional support from the secretariat in 2010–2011, including the review of national communications and greenhouse gas inventories from Parties included in Annex I to the Convention (Annex I Parties). In accordance with the existing mandates under the Convention and its Kyoto Protocol, the fifth national communications of 41 Annex I Parties should undergo in-country review by teams of international experts, coordinated by the secretariat, in 2010–2011. This represents a significant workload increase for the secretariat. In addition, 82 greenhouse gas inventory submissions from Annex I Parties should be received, processed and then reviewed in 2010–2011, coordinated by the secretariat. The Subsidiary Body for Scientific and Technological Advice, at its twenty-ninth session, requested that the secretariat ensure that activities relating to the technical review of greenhouse gas inventories are funded in a stable and sufficient manner.<sup>6</sup> It is therefore proposed that the review and analysis team of the secretariat be strengthened with four additional posts (three Professional posts and one General Service post).

15. The Executive Secretary also proposes to strengthen the capacity of the secretariat in the area of financial and technical support for developing countries. This includes work on the provision of financial resources to developing country Parties to address climate change, on capacity-building and on the communication of information relating to implementation from Parties not included in Annex I to the Convention (non-Annex I Parties). It is therefore proposed that the post of the manager responsible for financial cooperation and capacity-building, and a new post of research assistant to work on national communications from non-Annex I Parties be funded from the core budget.

16. While the work of the secretariat relating to the operation of the CDM and JI is expected to be fully financed by income generated by these two mechanisms, support for the work by the Convention

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<sup>6</sup> FCCC/SBSTA/2008/13, paragraph 66.

and Kyoto Protocol bodies to further define and develop carbon market mechanisms and related implementation rules will continue to be funded from the core budget. In order to strengthen its capacity for carbon market analysis and as an advisory service to Convention and Protocol bodies, the secretariat proposes to establish one post for a carbon market specialist and one General Service post.

17. Another area of pressure for the secretariat is the requirement to provide sound legal advice for an increasingly complex climate change regime. In particular, the implementation and operations of the flexibility mechanisms; the implementation of existing registry systems, and review and reporting requirements; and the operation of the compliance regime all require high-quality legal input from a wide range of public and private law disciplines. Parties have also requested that the Executive Secretary be active in relation to questions on the privileges and immunities of members of constituted bodies. It is therefore proposed that the secretariat's legal capacity for supporting these mechanisms as well as the compliance and review regimes be strengthened by establishing one new Professional post.

18. In order to maximize the use of its limited resources with regard to supporting the negotiating process and implementing the outcomes of COP 15, the secretariat will increase its outreach to the private sector, non-governmental organizations (NGOs) and other United Nations organizations. The impact of this outreach will strengthen the capacity of the private sector, NGOs and other United Nations organizations, and increase public understanding and commitment to responding appropriately to action agreed by the Parties in both developed and developing countries in the areas of mitigation, adaptation, finance and technology.

19. Enabling the full participation of developing countries in the increasingly complex intergovernmental process is a key concern of the secretariat. This requires strengthening its capacity to liaise with developing countries and their regional and negotiating groups as well as facilitating funding and arranging the travel of eligible participants to meetings. Increasingly, the secretariat will also need to facilitate attendance by observer organizations and administrate their activities, such as side events. It is therefore proposed that a new post of External Relations Officer be established in the CAS programme and, in order to strengthen the management and coordination function of the secretariat given the growing scale of the conferences, to also add one Professional post.

20. The secretariat also plans to enhance its support in other areas, including adaptation and technology, as well as in the work on methodological issues relating to mitigation action, such as reduced emissions from deforestation and forest degradation in developing countries (REDD), cooperative sectoral approaches, and research and systematic observation. A particular focus in 2010–2011 will be on strengthening collaboration with the United Nations and other international organizations for the implementation of the Convention and its Kyoto Protocol. The capacity of the secretariat must also be increased in order for it to continue providing effective services.

## **B. Requirements resulting from Copenhagen outcomes**

21. The agreed outcomes of the United Nations Climate Change Conference in Copenhagen, Denmark (including COP 15 and CMP 5) are likely to have a significant impact on the work of the secretariat in the next biennium. Implementation of the Copenhagen outcomes may require support for existing and new mechanisms, the processing of existing and new information streams, and enhanced support for the review of information. Ensuring that the implementation activities carried out by all stakeholders are in line with the agreed outcomes may also require enhanced coordination activities. The exact content and nature of the agreed outcomes will only be clear after the adoption of relevant decisions by the COP at its fifteenth session and the CMP at its fifth session; however, the secretariat will be expected to respond quickly to its mandates. Therefore, in addition to the secretariat's core budget proposal, this document contains a proposed contingency budget to be adopted in conjunction with the outcomes of the Bali Road Map process. The contingency budget proposal is based on



assumptions of the most likely additional requirements for secretariat support in 2010–2011 that result from the Copenhagen outcomes. The proposed contingency budget is presented in chapter XII below.

## **V. Proposed programme budget**

22. In view of the evolving requirements outlined in chapter IV above, the Executive Secretary proposes to strengthen programmes that have ongoing work by redeploying 13 positions in the following areas: four from EDM (one Professional post and one General Service post related to the Future team, and two General Service posts from the registry); six from SDM (two posts related to the CDM and four to JI); and the three frozen posts from the biennium 2008–2009. This redeployment and the creation of an additional post would allow the required strengthening of six programmes as follows:

- (a) RDA programme: two P-4 posts and one P-3 for the Annex I Party national communications review and analysis team; one General Service post to assist in training reviewers and organizing the meetings of the lead reviewers;
- (b) FTS programme: one P-5 post for the manager responsible for financial cooperation and capacity-building and one General Service post for a research assistant to work on national communications from non-Annex I Parties;
- (c) SDM programme: one P-3 and one General Service post to support strategic work on the carbon market;
- (d) LA programme: one P-4 post to strengthen legal capacity;
- (e) CAS programme: one P-3 post to strengthen the external relations team and one P-2 to support management and coordination;
- (f) IS programme: one P-5, one P-3 and one General Service post to support the communications and media unit.

23. The redeployment and establishment of posts results in a net increase of one post over the next biennium. Table 1 presents the posts by grade.

**Table 1. Secretariat-wide staffing from the core budget**

	2009	2010	2011
<b>Professional category and above<sup>a</sup></b>			
ASG <sup>b</sup>	1	1	1
D-2 <sup>c</sup>	3	3	3
D-1	6	5	5
P-5	12	12	12
P-4	24	28	29
P-3	32	31	30
P-2	10	12	12
<b>Total Professional category and above</b>	<b>88</b>	<b>92</b>	<b>92</b>
<b>Total General Service category</b>	<b>53.5</b>	<b>50.5</b>	<b>50.5</b>
<b>TOTAL</b>	<b>141.5<sup>d</sup></b>	<b>142.5</b>	<b>142.5</b>

<sup>a</sup> Assistant Secretary-General (ASG); Director (D) and Professional (P).

<sup>b</sup> This position may be upgraded to Under-Secretary-General following the independent review of the secretariat by the Secretary-General of the United Nations (see para. 36 of this document).

<sup>c</sup> One position may be upgraded to ASG following the independent review noted above in footnote b.

<sup>d</sup> Includes two D-1 and one P-3 frozen positions which could not be funded in 2008–2009.

#### A. Proposed budget by object of expenditure

24. Table 2 presents the budgetary requirements for the next biennium by object of expenditure.

**Table 2. Resource requirements from the core budget for 2010–2011 by object of expenditure**

Object of expenditure <sup>a</sup>	2008–2009		2010–2011		Change (%)	
	(EUR)	(USD <sup>b</sup> )	(EUR)	(USD <sup>c</sup> )	(EUR)	(USD)
Staff costs	27 163 939	35 648 213	29 828 358	42 654 533	9.8	19.7
Consultants	1 259 586	1 653 000	1 279 022	1 829 000	1.5	10.6
Travel of staff	1 136 026	1 490 848	1 327 071	1 897 710	16.8	27.3
Experts and expert groups	2 293 468	3 009 800	1 811 889	2 591 000	–21.0	–13.9
General operating expenses	1 887 639	2 477 217	2 669 392	3 817 230	41.4	54.1
Supplies and materials	167 195	219 416	279 720	400 000	67.3	82.3
Acquisition of furniture and equipment	689 367	904 682	824 301	1 178 750	19.6	30.3
Training	188 976	248 000	241 259	345 000	27.7	39.1
Contributions to common services	1 094 614	1 436 500	1 056 294	1 510 500	–3.5	5.2
Grants and contributions (IPCC <sup>d</sup> )	533 400	700 000	489 511	700 000	–8.2	0.0
<b>Total core programme budget</b>	<b>36 414 210</b>	<b>47 787 676</b>	<b>39 806 817</b>	<b>56 923 723</b>	<b>9.3</b>	<b>19.1</b>
Programme support costs	4 733 847	6 212 398	5 174 886	7 400 084	9.3	19.1
Working capital reserve	24 011	31 510	307 466	439 675	1 180.5	1 295.4
<b>GRAND TOTAL</b>	<b>41 172 068</b>	<b>54 031 584</b>	<b>45 289 169</b>	<b>64 763 482</b>	<b>10.0</b>	<b>19.9</b>

<sup>a</sup> For explanations of the objects of expenditure see annex and document FCCC/SBI/2009/2/Add.1, which contains the work programme.

<sup>b</sup> The exchange rate used (EUR 1 = USD 1.3123) is the average rate for the period January–March 2007.

<sup>c</sup> The exchange rate used (EUR 1 = USD 1.430) is the average rate for the period January 2008–March 2009.

<sup>d</sup> Intergovernmental Panel on Climate Change.

25. The main component (75 per cent) of the proposed budget relates to staff costs. Although there is only a net increase of one post, staff costs will increase by 10 per cent owing to:
- (a) An adjustment in the standard costs for staff, in both the Professional category and above, and the General Service category (see annex), which is based on historical costs from the last 14 months (January 2008–February 2009) and includes step increases and the adjustment to the pensionable remuneration for staff in the Professional category and above (the first adjustment to standard salary costs since the biennium 2004–2005);
  - (b) The increase in the number of Professional posts, which is only partly funded by the savings made from reducing the number of General Service posts;
  - (c) The unfreezing and funding for the three posts that were frozen in 2008–2009 due to lack of sufficient funds.
26. The proposed core budget sees an increase of 8 per cent in non-staff costs in euro terms, which includes provisions for consultants, expert groups (including costs for experts' travel, participation in meetings of constituted bodies and work on reviews), travel of staff, and purchase of supplies and services. Costs related to the travel of staff, such as the purchase of air tickets, have increased. For example, when comparing 2007 with 2008, the average price of an air ticket from Bonn increased by over 15 per cent in euro terms. There was also an increase in the average cost of train travel, where the price of tickets increased by 12 per cent. The provision for travel of staff has been increased accordingly.
27. Under general operating expenses, the Executive Secretary proposes to increase the provision for logistical expenses under the RDA programme for organizing the training of reviewers and the meetings of lead reviewers (EUR 70,000), and to increase the provision for the Compliance Committee under the LA programme for associated costs for webcasting and security services (EUR 157,000). At the same time, the secretariat will strengthen its information and communication technology (ICT) structure by improving network availability and Internet security services for secretariat-wide and mandated information systems to ensure compliance with standards agreed by the Parties to the Kyoto Protocol, including the data-communication links between the Haus Carstanjen and Langer Eugen buildings that enable the business-continuity arrangements that are necessary in case of disaster (EUR 252,000). In the next biennium, a new provision under the RDA programme is proposed, to be funded from the core budget, for maintenance and licensing of existing information technology systems, such as the UNFCCC greenhouse gas database, the compilation and accounting database and the greenhouse gas database interface (EUR 238,000). It is also proposed that the secretariat's use of voice over Internet protocol technology be expanded to establish a more cost-effective telephone system (EUR 105,000) and to continue maintenance and licensing of the enterprise content management system<sup>7</sup> for all core modules (EUR 350,000).
28. The provision for supplies and materials has been aligned with the increased usage and costs of office supplies (EUR 210,000), and access rights to online bibliographic and full text databases and other subscriptions (EUR 70,000).

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<sup>7</sup> The enterprise content management system combines policy, procedures and systems to capture, manage, store, archive and deliver content, such as documents, e-mail and Web information, that relates to the work of the secretariat and its support for the Parties to the Convention. The system allows the secretariat to operate electronically and streamlines work processes, reducing duplication and increasing accessibility. Most importantly, it ensures that all content is securely managed and archived in conformity with the legal requirements of the Convention and the United Nations, and with best practice in governments and the private sector.

29. With regard to furniture and equipment, a provision for furniture is proposed to cover replacement costs and the secretariat's move to the United Nations Campus in Bonn in 2011 (EUR 100,000). The remaining amount under this object of expenditure will be used to cover costs related to the purchase of equipment and software for ICT, including the creation of a data centre in the Langer Eugen building.

30. Finally, the proposal for funding for training reflects the costs associated with external and internal staff development training for core staff members (EUR 199,000), along with specialized training costs in ICT (EUR 42,000). This training is an essential component of attracting and retaining specialized and highly motivated staff.

### B. Proposed budget by programme

31. An overall increase of 10 per cent has been proposed for the core budget for the biennium 2010–2011, from its current level of EUR 41.2 million to about EUR 45.3 million. Table 3 summarizes the proposed increase by programme (see document FCCC/SBI/2009/2/Add.1 for a comparison between the bienniums 2008–2009 and 2010–2011).

**Table 3. Proposed core programme budget for 2010–2011 by programme**

Expenditure	2010	2011	Total 2010–2011	
	(EUR)	(EUR)	(EUR)	(USD <sup>a</sup> )
<b>A. Programme appropriations<sup>b</sup></b>				
EDM	2 006 236	2 006 236	4 012 472	5 737 832
RDA	4 207 875	4 137 945	8 345 820	11 934 518
FTS	2 635 814	2 604 345	5 240 159	7 493 424
ATS	2 249 451	2 305 160	4 554 611	6 513 091
SDM	602 790	602 790	1 205 580	1 723 980
LA	1 581 581	1 581 581	3 163 162	4 523 318
CAS	1 470 497	1 470 497	2 940 994	4 205 620
IS	3 773 128	3 773 128	7 546 256	10 791 140
AS <sup>c</sup>	--	--	--	--
<b>B. Secretariat-wide operating costs<sup>d</sup></b>	1 460 420	1 337 343	2 797 763	4 000 800
<b>Programme expenditures (A + B)</b>	<b>19 987 792</b>	<b>19 819 025</b>	<b>39 806 817</b>	<b>56 923 723</b>
C. Programme support costs (overheads) <sup>e</sup>	2 598 413	2 576 473	5 174 886	7 400 084
D. Working capital reserve <sup>f</sup>	307 466	0	307 466	439 675
<b>TOTAL (A + B + C + D)</b>	<b>22 893 671</b>	<b>22 395 498</b>	<b>45 289 169</b>	<b>64 763 482</b>
<b>Income</b>				
Contribution from the host Government	766 938	766 938	1 533 876	2 193 443
Indicative contributions	22 126 733	21 628 560	43 755 293	62 257 039
<b>TOTAL INCOME</b>	<b>22 893 671</b>	<b>22 395 498</b>	<b>45 289 169</b>	<b>64 763 482</b>

<sup>a</sup> The exchange rate used (EUR 1 = USD 1.430) is the average rate for the period January 2008–March 2009.

<sup>b</sup> Programmes: Executive Direction and Management (EDM); Reporting, Data and Analysis (RDA); Financial and Technical Support (FTS); Adaptation, Technology and Science (ATS); Sustainable Development Mechanisms (SDM); Legal Affairs (LA); Conference Affairs Services (CAS); Information Services (IS); and Administrative Services (AS).

<sup>c</sup> AS is funded by overheads.

<sup>d</sup> Secretariat-wide operating costs are managed by AS.

<sup>e</sup> Standard 13 per cent applied by the United Nations for administrative support.

<sup>f</sup> In accordance with financial procedures (decision 15/CP.1, annex I, para. 14), the working capital reserve will be brought up to EUR 1,874,655 in 2010 and maintained at that level in 2011.

## VI. Ratio of contributions towards core budget requirements under the Kyoto Protocol and under the Convention

32. The fact that not all Parties to the Convention are also Parties to the Kyoto Protocol necessitates some differentiation in the contribution regime. The proposed budget has been prepared using a similar methodology to that used for the 2008–2009 programme budget, as follows:

- (a) Elements of the work programme in direct support of the Kyoto Protocol are identified in document FCCC/SBI/2009/2/Add.1. They cover specific technical areas of work carried out in the programmes dealing with implementation (RDA and FTS), with adaptation, technology and science (ATS), with the sustainable development mechanisms (SDM) and with compliance (LA). The required resources that can be directly attributed to the Kyoto Protocol are shown in table 4; they amount to 28.2 per cent of the total requirements of the respective programmes;
- (b) Secretariat activities in the area of management and services do not lend themselves to such direct attribution to either the Convention or its Kyoto Protocol. The work undertaken in the services programmes (IS, CAS and AS) and by EDM, as well as the programme support costs and working capital reserve, are in support of both the Convention and its Kyoto Protocol. The shares of resource requirements relating to the Kyoto Protocol as opposed to the Convention can therefore only be estimated on a pro rata basis (see table 5);
- (c) The share of resources required for activities directly relating to the Convention and the Kyoto Protocol as identified in subparagraph (a) has been used to determine the contributions to the resource requirements of the management and service programmes and the secretariat-wide costs specified in subparagraph (b). The resulting total amounts are given in table 4.

**Table 4. Ratio of work programme activities and core budget requirements in 2010–2011 under the Convention and under the Kyoto Protocol in RDA, ATS, FTS, SDM and LA**  
(euros)

	Convention	Kyoto Protocol	Total
<b>Reporting, Data and Analysis</b>	5 675 158	2 670 662	8 345 820
<b>Financial and Technical Support</b>	4 838 468	401 691	5 240 159
<b>Adaptation, Technology and Science</b>	3 643 689	910 922	4 554 611
<b>Sustainable Development Mechanisms</b>	887 922	317 658	1 205 580
<b>Legal Affairs</b>	1 106 452	2 056 710	3 163 162
<b>Total</b>	<b>16 151 689</b>	<b>6 357 643</b>	<b>22 509 332</b>
<b>Percentage</b>	<b>71.8</b>	<b>28.2</b>	<b>100.0</b>

**Table 5. Ratio of contributions towards core budget requirements in 2010–2011 under the Convention and under the Kyoto Protocol**  
(euros)

	<b>Total</b>	<b>Convention</b>	<b>Kyoto Protocol</b>
<b>Percentage<sup>a</sup></b>	<b>100.0</b>	<b>71.8</b>	<b>28.2</b>
RDA, ATS, FTS, SDM and LA (attributable) <sup>b</sup>	22 509 332	16 151 689	6 357 643
EDM, IS, CAS, SWC, programme support costs and working capital reserve (estimated pro rata) <sup>b</sup>	22 779 837	16 345 790	6 434 047
<b>TOTAL</b>	<b>45 289 169</b>	<b>32 497 479</b>	<b>12 791 690</b>
<b>Income:</b>			
Contribution from the host Government	1 533 876	1 101 323	432 553
Indicative contributions	43 755 293	31 396 156	12 359 137
<b>TOTAL INCOME</b>	<b>45 289 169</b>	<b>32 497 479</b>	<b>12 791 690</b>

<sup>a</sup> See table 4.

<sup>b</sup> Executive Direction and Management (EDM); Reporting, Data and Analysis (RDA); Financial and Technical Support (FTS); Adaptation, Technology and Science (ATS); Sustainable Development Mechanisms (SDM); Legal Affairs (LA); Conference Affairs Services (CAS); Information Services (IS); and secretariat-wide costs (SWC).

33. The share of Kyoto Protocol related activities will decrease from 36.8 per cent in 2008–2009 to 28.2 per cent in the 2010–2011 core budget; accordingly, the share of Convention activities will increase from 63.2 per cent in 2008–2009 to 71.8 per cent in 2010–2011. Although the secretariat's work relating to the Kyoto Protocol has increased recently, a significant proportion of the required resources will be covered from fee-based income and voluntary contributions. Hence the resources provided under the core budget will be used to maintain the core activities of the secretariat in support of the process.

34. Based on this approach, the expenditure against the core budget will be funded from two sources of income with two indicative scales of contributions applied – one for Parties to the Convention and one for Parties to the Kyoto Protocol. Parties to the Kyoto Protocol will contribute to both, whereas those Parties that have not ratified the Kyoto Protocol will contribute to the Convention only.

## VII. Other considerations

35. This chapter contains information regarding additional proposals for consideration by the COP at its fifteenth session and the CMP at its fifth session to be included in the programme budget for the biennium 2010–2011.

### A. Independent review of the secretariat's structure

36. The COP, by its decision 8/CP.14, invited the Secretary-General of the United Nations, in consultation with the COP through the Bureau, to undertake an independent review of the secretariat's structure, including an evaluation of the current levels and responsibilities, taking into account the scope and complexity of work.

37. In response to the invitation, the Secretary-General has indicated that such a review would be undertaken after COP 15 in order to consider the evolution of the UNFCCC secretariat at the same time as other key governance issues that arise as part of the Copenhagen outcomes.

38. In the meantime, the Secretary-General has suggested that the secretariat prepare a programme budget for the biennium 2010–2011 that includes two options: the first would be to upgrade the post of

Executive Secretary to the level of Under-Secretary-General and the post of Deputy Executive Secretary to the level the Assistant-Secretary-General. The second option would be based on the status quo.

39. If the first option is recommended in the review, the increase in salary costs would be EUR 78,000. The necessary adjustments to these positions would therefore be made using available resources.

### **B. Participation and travel of Compliance Committee members**

40. The CMP, by its decision 5/CMP.3, paragraph 3, requested the secretariat to provide information to Parties, in its preparation of the budget for the biennium 2010–2011, on the consequences of the proposal of the Compliance Committee to extend funding for the costs of travel and participation in meetings of the Compliance Committee to all its members and alternate members. Furthermore, the CMP, by its decision 4/CMP.4, paragraph 4, requested that the secretariat provide information to Parties on the implications of the proposal by the Compliance Committee that the United Nations rules and regulations on official travel applied to United Nations staff also be applied to eligible members and alternate members of the Compliance Committee, with a view to the CMP considering this proposal at its fifth session, including taking any decision in this regard, as appropriate.

41. Members and alternate members of the Compliance Committee are elected to serve in their individual capacities. In order for members and alternate members to maintain their independence, the Committee recommended in its first annual report<sup>8</sup> that all members receive support for their travel-related expenses. To ensure that a quorum to adopt decisions is reached for Committee meetings and deliberations that may be held at short notice, the Committee also recommended that, when the duration of a journey to meetings of the Compliance Committee is nine hours or longer, members and alternate members should travel business class.

42. The SBI, at its twenty-fifth session, took note of the information on the travel of members of constituted bodies contained in document FCCC/SBI/2006/15 and concluded that the current practice<sup>9</sup> for the travel of members of constituted bodies should be maintained. It acknowledged the request made to the secretariat by the Executive Board of the CDM and the action taken thereon, subject to the availability of funds. It also took note of the requests by the Compliance Committee and the Joint Implementation Supervisory Committee.<sup>10</sup>

43. Based on the assumption that all members and alternate members of the Compliance Committee<sup>11</sup> are funded to attend two meetings of the plenary, 12 of the enforcement branch and four of the facilitative branch during the next biennium, the estimated total amount required to cover all travel and daily subsistence allowances would be EUR 1,208,400 (USD 1,780,000). In line with current practice, only EUR 420,000 has been proposed in the core budget and EUR 420,000 from the supplementary budget for the biennium 2010–2011.

44. In view of the overall financial implications of such arrangements, the SBI may wish to increase the provision for travel under the core and supplementary budgets of the Compliance Committee in the biennium 2010–2011.

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<sup>8</sup> FCCC/KP/CMP/2006/6, chapter IV.

<sup>9</sup> Funding is offered to delegates from eligible developing country Parties and Parties with economies in transition, and is limited to an air ticket for the most direct route and at the least costly fare, plus daily subsistence allowance at the established United Nations rate.

<sup>10</sup> FCCC/SBI/2006/28, paragraph 124.

<sup>11</sup> Instead of the current practice of funding delegates based on footnote 9 above.

**C. Liabilities related to staff entitlements: actuarial valuation of after-service health benefits, balance of annual leave and repatriation grants**

45. The secretariat is under obligation to continue to provide those staff members who have earned eligibility with certain entitlements after retirement. This coverage includes after-service health insurance (ASHI), balance of annual leave and repatriation grants. In this regard, the United Nations Board of Auditors, in its report for the biennium 2006–2007,<sup>12</sup> recommended that the secretariat, through the Parties, provide the appropriate funding for the settlement of end-of-service liabilities.<sup>13</sup>

46. At the present time, the secretariat funds these liabilities on a ‘pay-as-you-go’ basis, recording expenditure under the respective sources of funding. For example, provisions for ASHI of EUR 55,900 (USD 80,000) and for repatriation grants of EUR 274,000 (USD 392,000) have been proposed in the core budget for the biennium 2010–2011. As the organization matures, and more and more staff members retire, the provision for ASHI will increase; this will require the secretariat to dedicate more and more of its core resources to fund activities unrelated to the implementation of its work programme.

47. In order to gain a better understanding of the financial dimension of the liability for ASHI, which is a defined benefit plan, the United Nations Headquarters engaged the services of an actuarial firm to carry out an actuarial valuation of ASHI benefits. The report indicated that, for the UNFCCC, the amount as at 31 December 2008 was USD 16.5 million for retirees and active employees who are eligible to retire with benefits. An estimated USD 8.0 million of this amount was related to the Trust Fund for the Core Budget of the UNFCCC. The study further recommended that approximately USD 2.7 million be set aside each year to cater for the accruing future liability, noting that the present value of future benefits (the total liability), as at 31 December 2007, was calculated to be USD 31.4 million, USD 13.9 million of which had accrued by that date.

48. In accordance with United Nations rules, staff members who separate from the organization are entitled to be paid for any unused annual leave that they may have accumulated up to a maximum of 60 working days. The secretariat’s total liability for such unpaid leave as at 31 December 2008 was estimated to be USD 2.9 million.

49. All staff members with international status are entitled to repatriation grants upon their separation from the organization based on the number of years of service outside the home country. The estimated cost is calculated based on the standard net staff costs and the length of service of the staff member entitled to repatriation grants, as per annex IV of the United Nations staff regulations and rules. The secretariat’s total liability for such unpaid repatriation entitlement as at 31 December 2008 was estimated to be USD 2.2 million.

50. The combined amount for ASHI, the balance of annual leave and repatriation grants represents a total accrued liability of approximately USD 21.5 million as at 31 December 2008 if the secretariat ceased operations on that date.

51. It is important to note that the secretariat is not alone in this issue of liability. The United Nations Headquarters, like many other agencies within the system, is currently assessing how to fund these liabilities, which for ASHI alone stood at USD 6,985 million as at 31 December 2007 for the agencies within the United Nations common system.

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<sup>12</sup> FCCC/SBI/2008/13.

<sup>13</sup> FCCC/SBI/2008/13, paragraph 42.



52. In order to address the total accrued liability noted in paragraph 50 above, the SBI may wish to:
- (a) Take note of the current accrued liability of USD 21.5 million, of which approximately USD 10.4 million relates to the Trust Fund for the Core Budget of the UNFCCC;
  - (b) Agree to continue making provisions in the core budget to cover current funding commitments relating to ASHI and repatriation grants on a 'pay-as-you-go' basis;
  - (c) Authorize the Executive Secretary to use, to the extent possible, available balances from the existing reserves and surplus balances in the unlikely event that the secretariat needs to meet its liability, as estimated in the actuarial study and the financial statements for the biennium 2008–2009;<sup>14</sup>
  - (d) Request the Executive Secretary to continue exploring ways to make a provision for this liability in the future, based on best practices and in line with practice within the United Nations system.

#### **D. Fostering climate neutrality of the UNFCCC secretariat**

53. In an effort to make the secretariat's own in-house operations and activities climate-neutral and more environmentally sustainable, the secretariat has been assessing its greenhouse gas (GHG) emissions resulting from the UNFCCC process. Initiatives have been made to decrease the level of GHG emissions. However, where further offsetting is required for its operations, the secretariat proposes to make provisions under the respective source of funding to offset GHG emissions.

54. In view of the financial implications of this practice, the SBI may wish to include in its conclusions the provision noted above.

### **VIII. Trust Fund for Supplementary Activities**

55. Preliminary indications of resource requirements for supplementary activities in 2010–2011 are provided in document FCCC/SBI/2009/2/Add.2. The information provided should enable Parties to identify the resources required to fund extrabudgetary activities for the biennium. It is expected that the outcome of the deliberations on the programme budget at SBI 30, as well as other deliberations at the thirty-first and thirty-second sessions of the subsidiary bodies, will further influence the requirements from the Trust Fund for Supplementary Activities in 2010–2011.

### **IX. Trust Fund for Participation in the UNFCCC Process**

56. Resource requirements for each session under the Trust Fund for Participation in the UNFCCC Process for the biennium 2010–2011, which can be found in table 6 below, will be higher than those estimated for the current biennium due to the higher costs related to travel. The overall resource requirements will be dependent on the number of sessions, as well as related pre-sessional and preparatory meetings, and the number of delegates who are offered funding from each eligible Party in order to ensure as wide a representation as possible.

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<sup>14</sup> For a breakdown of the liability by fund, see the interim financial statements for the biennium 2008–2009 contained in document FCCC/SBI/2009/INF.3.

**Table 6. Resource requirements for the Trust Fund for Participation in the UNFCCC Process**  
(thousands of euros)

<b>Number of delegates</b>	<b>Cost for each session</b>
Support for one delegate from each eligible Party to participate in organized sessions	807.7
Support for one delegate from each eligible Party plus a second delegate from each least developed country and each small island developing State to participate in organized sessions	1 230.8
Support for two delegates from each eligible Party to participate in organized sessions	1 615.4

## X. Bonn Fund

57. The host Government makes an annual contribution of EUR 1,789,522 to the Trust Fund for the Special Annual Contribution from the Government of Germany (otherwise known as the Bonn Fund). The Bonn Fund was established to finance events held in Germany. Expenditures are determined every year through a bilateral arrangement between the Government of Germany and the secretariat.

58. The activities to be funded and associated costs are presented in table 7 for information purposes only.

**Table 7. Bonn Fund**

	<b>2010–2011</b> (EUR)
<b>Income</b>	<b>3 579 044</b>
<b>Expenditure</b>	
Conference support for staff and facilities	1 990 000
Conference information support for staff, computers and networking	654 000
Travel for participation in workshops in Bonn	523 296
Programme support costs	411 748
<b>TOTAL EXPENDITURE</b>	<b>3 579 044</b>

## XI. Overhead charge and its use

59. In accordance with the financial procedures (decision 15/CP.1), the budget is required to provide for a 13 per cent overhead charge to the United Nations to cover the costs of the administrative services which the United Nations provides to the Convention.

60. Through its AS programme, the secretariat has taken full responsibility for the preparation of its operational budget and related allotments, the procurement of goods and services, the arrangements for the travel of staff and participants, and the recruitment and administration of staff and consultants. As indicated in the annex to document FCCC/SBI/2009/2/Add.1, the resource requirements for the administrative services of the secretariat are funded from the overheads payable on all UNFCCC trust funds. The main portion of the overhead funds is used for these purposes. The remainder covers the cost of sharing common services, the provision of audit and the provision of payroll, investment and treasury services by the United Nations Office at Geneva (UNOG). The staffing and resource requirements, which are shown in tables 8 and 9 respectively, are indicative. The Executive Secretary will approve expenditures based on the actual income.

**Table 8. Staffing requirements funded from the overhead charge**

	2010	2011
<b>Professional category and above</b>		
D-1	1	1
P-5	2	2
P-4 – P-2	17	17
<b>Total Professional category and above</b>	<b>20</b>	<b>20</b>
<b>Total General Service category</b>	<b>39</b>	<b>39</b>
<b>TOTAL</b>	<b>59</b>	<b>59</b>

**Table 9. Proposed resource requirements funded from the overhead charge**  
(thousands of euros)

Object of expenditure	2010	2011
Secretariat staff costs	4 940.6	4 940.6
Secretariat non-staff costs	998.6	935.6
<b>Total secretariat costs</b>	<b>5 939.2</b>	<b>5 876.2</b>
Services rendered by the United Nations	377.6	377.6
<b>TOTAL</b>	<b>6 316.8</b>	<b>6 253.8</b>

## XII. Contingencies

### A. Conference services

61. To date, the costs of conference services (mainly interpretation at meetings, translation, reproduction and distribution of documents, and related services) for up to two sessions of the Convention bodies have been met by UNOG or other United Nations offices, financed from the core budget of the United Nations adopted by the General Assembly. As in previous years, a contingency provision has been made in the proposed budget to cover the cost of such services in the event that the General Assembly does not maintain its past practice.

62. The methodology used to calculate the costs of the conference services contingency is the same as that used in the 2008–2009 budget proposal. It is based on the assumption that the annual calendar of meetings of Convention bodies will include two sessional periods of two weeks each (one of which would be sessions of the COP and the CMP hosted by a government), and uses standard cost figures employed by UNOG for conference services. It is further envisaged that full conference services will be sought from the United Nations on a reimbursable basis so as to maintain the quality of translation and interpretation services. This means that no additional secretariat staff are requested. The contingency is also based on the assumption that sessions of the COP, the CMP and the subsidiary bodies would be accommodated within the conference services portfolio of services and costs prevailing in past years.

63. The contingency for conference services in the biennium 2010–2011 would amount to EUR 6.9 million for interpretation, documentation and meetings services support requirements, making a total of EUR 8.1 million including programme support costs and working capital reserve (see table 10).

64. The COP and the CMP rely on their Parties to host the sessions of the COP and the CMP, and any additional session of the Convention and Kyoto Protocol bodies that Parties may decide to hold. In the event that no Party offers to host the COP and the CMP or an additional session, rule 3 of the draft

rules of procedure being applied foresees that the session would take place at the seat of the secretariat. To date, it has been customary among governments to host the COP and additional subsidiary body sessions, taking on the portion of costs that exceeds those covered from secretariat funds, including the Bonn Fund, and those borne by the United Nations as outlined in paragraph 61 above. The secretariat suggests that contributions do not need to be collected for a contingency that is unlikely to arise.

**Table 10. Resource requirements for the conference services contingency**

*(thousands of euros)*

Object of expenditure	2010	2011	Total 2010–2011	
	(EUR)	(EUR)	(EUR)	(USD)
Interpretation <sup>a</sup>	672.4	672.4	1 344.8	1 923.0
Documentation <sup>b</sup>				
Translation	1 307.3	1 307.3	2 614.6	3 738.8
Reproduction and distribution	1 344.5	1 344.5	2 689.0	3 845.3
Meetings services support <sup>c</sup>	133.5	133.5	267.0	381.7
<b>Subtotal</b>	<b>3 457.7</b>	<b>3 457.7</b>	<b>6 915.4</b>	<b>9 888.8</b>
Programme support costs	449.5	449.5	899.0	1 285.5
Working capital reserve	324.3	--	324.3	463.7
<b>TOTAL</b>	<b>4 231.5</b>	<b>3 907.2</b>	<b>8 138.7</b>	<b>11 638.1</b>

*Note:* Assumptions used for calculating the conference services contingency budget include the following:

- The expected number of meetings with interpretation does not exceed 40 per session;
- The expected documentation volume is based on the calculations provided by the United Nations Office at Geneva;
- Meetings services support includes staff normally provided by United Nations Office at Geneva conference services for the in-session coordination and support of interpretation, translation and reproduction services;
- Overall, the figures used are conservative and have been applied on the assumption that there will be no major increase in requirements during the biennium.

<sup>a</sup> Includes salaries, travel and daily subsistence allowance for interpreters.

<sup>b</sup> Includes all costs relating to the processing of pre-, in- and post-session documentation; translation costs include revision and typing of documents.

<sup>c</sup> Includes salaries, travel and daily subsistence allowance for meetings services support staff, and costs for shipment and telecommunications.

## **B. Resource requirements for work related to agreed outcomes under the Bali Road Map**

65. Significant change is expected to result from the ongoing Bali Road Map process. The impact of agreed outcomes of this process on the secretariat will, however, only become clear after the adoption of relevant decisions at COP 15 and CMP 5 in December 2009. Furthermore, the secretariat will have to respond swiftly and adequately to additional requests for support to implement the decisions. It has therefore identified likely additional resource requirements, based on an analysis of the current status of negotiations, experience with the implementation of the Convention and its Kyoto Protocol, and the direction provided by the Bali Action Plan (decision 1/CP.13).

66. The Bali Action Plan indicates that the Parties to the Convention are resolved to enhance action in at least four areas, namely mitigation, adaptation, technology and finance. A number of secretariat programmes would need to be strengthened further to support the intergovernmental process in this regard.

67. The RDA programme will take the lead in providing secretariat support to any provisions of agreed outcomes relating to measurement, reporting and verification. This may include guidelines that will translate the rules and modalities for measurement, reporting and verification into practical steps to

facilitate the reporting and review process. The impact on information systems of secretariat-wide importance will need to be assessed, allowing for an early start to technical work on the development or modification of the systems concerned.

68. The FTS programme will need to respond to any mandates relating to enhanced action in capacity-building, and the provision of financial resources and investment to support action on mitigation and adaptation, and technology transfer and cooperation. Two additional Programme Officer posts would be required to support enhanced information and coordination needs relating to the provision of financial resources. One additional Programme Officer post would support increased tracking and reporting of enhanced capacity-building activities. An assistant for the team that supports work to meet the particular needs of least developed countries would strengthen the secretariat's capacity to support the Least Developed Countries Expert Group.

69. The ATS programme will assume a key role in supporting the intergovernmental process in relation to enhanced action on adaptation, on technology development and transfer, and on mitigation, particularly with regard to REDD. One new Programme Officer post in each of the programme's three main areas of work will be needed to cope with the expected increase in workload resulting from agreed outcomes of the Bali Road Map process. A significant amount of additional work resulting from new mandates is expected in the areas of adaptation and technology. An increase in analytical and methodological work is also expected, particularly in the area of land-use change and REDD.

70. The SDM programme will play the primary role in supporting the intergovernmental process in relation to strengthening market-based mechanisms as a means of both enhancing the cost-effectiveness of mitigation in developed countries and providing complementary financial and technology support for nationally appropriate mitigation actions in developing countries. One additional Programme Officer post would be required to support the substantial workload expected as a result of new mandates under the agreed outcomes of the Bali Road Map process and to ensure coordination with related work conducted by other programmes.

71. The LA programme will provide legal advice from the secretariat for the negotiations on, and implementation of, a comprehensive agreement on long-term cooperative action under the Convention and further commitments for Annex I Parties under the Kyoto Protocol. For this purpose the LA team would need to be strengthened by one new Professional post and one new General Service post.

72. The IS programme will provide immediate access to information relating to the agreed outcomes of the current negotiations under the Convention and the Kyoto Protocol. It will help to ensure that the Parties and other key audiences can identify the opportunities presented by negotiated outcomes and available mechanisms, including the national communications and other plans of the Parties. IS will work with other programmes to support Parties and ensure that momentum in the negotiation process is maintained through public awareness, information and partnerships.

73. Table 11 presents the likely resource requirements by programme for the work related to agreed outcomes under the Bali Road Map. For a breakdown of the requirements by object of expenditure, see table 12.

**Table 11. Proposed additional core budget for the biennium 2010–2011 by programme**

Expenditure	Total 2010–2011	
	(EUR)	(USD <sup>a</sup> )
<b>A. Programme appropriations<sup>b</sup></b>		
EDM	--	--
RDA	78 322	112 000
FTS	721 228	1 031 356
ATS	499 950	714 928
SDM	250 480	358 186
LA	300 475	429 679
CAS	--	--
IS	418 022	597 772
AS <sup>c</sup>	--	--
<b>B. Secretariat-wide operating costs<sup>d</sup></b>	89 511	128 000
<b>Programme expenditures (A + B)</b>	<b>2 357 988</b>	<b>3 371 921</b>
C. Programme support costs (overheads) <sup>e</sup>	306 539	438 350
D. Working capital reserve	221 156	316 253
<b>TOTAL (A + B + C + D)</b>	<b>2 885 683</b>	<b>4 126 524</b>

<sup>a</sup> The exchange rate used (EUR 1 = USD 1.430) is the average rate for the period January 2008–March 2009.

<sup>b</sup> Programmes: Executive Direction and Management (EDM); Reporting, Data and Analysis (RDA); Financial and Technical Support (FTS); Adaptation, Technology and Science (ATS); Sustainable Development Mechanisms (SDM); Legal Affairs (LA); Conference Affairs Services (CAS); Information Services (IS); and Administrative Services (AS).

<sup>c</sup> AS is funded by overheads.

<sup>d</sup> Secretariat-wide operating costs are managed by AS.

<sup>e</sup> Standard 13 per cent applied by the United Nations for administrative support.

**Table 12. Proposed additional core budget for the biennium 2010–2011 by object of expenditure**

Object of expenditure <sup>a</sup>	2010–2011	
	(EUR)	(USD <sup>b</sup> )
Staff costs	1 812 533	2 591 921
Consultants	78 322	112 000
Travel of staff	167 832	240 000
General operating expenses	209 790	300 000
Contributions to common services	89 511	128 000
<b>Total core programme budget</b>	<b>2 357 988</b>	<b>3 371 921</b>
Programme support costs	306 539	438 350
Working capital reserve	221 156	316 253
<b>GRAND TOTAL</b>	<b>2 885 683</b>	<b>4 126 524</b>

<sup>a</sup> For explanations of the objects of expenditure see annex.

<sup>b</sup> The exchange rate used (EUR 1 = USD 1.430) is the average rate for the period January 2008–March 2009.

74. Table 13 presents a summary of the staffing requirements by grade level.

**Table 13. Proposed additional staffing requirements for the biennium 2010–2011**

	2010	2011
<b>Professional category and above</b>		
P-4	2	2
P-3	2	2
P-2	4	4
<b>Total Professional category and above</b>	<b>8</b>	<b>8</b>
<b>Total General Service category</b>	<b>2</b>	<b>2</b>
<b>TOTAL</b>	<b>10</b>	<b>10</b>

75. The SBI may wish to consider the information contained in this chapter and recommend an allocation to be added to the programme budget for the biennium 2010–2011, for adoption by the COP at its fifteenth session and the CMP at its fifth session, contingent upon the adoption of decisions as part of the Bali Road Map process. However, given the uncertainty of the outcomes of negotiations in Copenhagen, the SBI may instead wish to take note of the information contained in this chapter and recommend that the COP and the CMP request the Executive Secretary to submit, for consideration by the SBI at its thirty-second session, an additional budget to be added to the programme budget for the biennium 2010–2011 for adoption by the COP at its sixteenth session and the CMP at its sixth session.

Annex**Methodologies used to calculate costs****A. Staff costs**

1. **Salary and common staff costs:** The standard costs (in euros) applied in determining staff costs in the proposed budget are based on actual salary costs for the 14 months of January 2008 through to February 2009. This analysis shows that some adjustments are necessary in line with higher travel costs (home leave) and higher employer costs, such as pension costs (see table 14).

**Table 14. Standard salary costs**

Level <sup>a</sup>	2006–2007		2008–2009		2010–2011	
	USD	EUR	USD	EUR	USD	EUR
ASG	212 000	159 636	240 000	182 880	277 420	194 000
D-2	210 000	158 130	210 000	160 020	251 680	176 000
D-1	205 000	154 365	205 000	156 210	233 090	163 000
P-5	179 000	134 787	179 000	136 398	203 060	142 000
P-4	158 000	118 974	158 000	120 396	177 320	124 000
P-3	135 000	101 655	135 000	102 870	150 150	105 000
P-2	109 000	82 077	109 000	83 058	121 550	85 000
GS	80 000	60 240	80 000	60 960	88 660	62 000

<sup>a</sup> Assistant Secretary-General (ASG); Director (D); Professional (P); and General Service (GS).

2. **General temporary assistance** has been calculated at 1 per cent of the total salary cost with the exception of the Reporting, Data and Analysis programme, where a provision of EUR 163,000 is proposed to cover the continued operations and maintenance of the compilation of an accounting database and the standard format electronic tool, and the Conference Affairs Services programme, where EUR 292,357 has been included to cover the hiring of temporary staff during sessions.

3. **Overtime** has been calculated at 20 per cent of one month's standard salary for each General Service post per year.

**B. Non-staff costs**

4. **Consultancies** include institutional and individual contracts for services that require specialized expertise not available in the secretariat. Costs are estimated on the basis of actual requirements and past expenditures on similar activities.

5. **Experts and expert groups** encompass costs of experts' travel, participation in meetings of constituted bodies and work on reviews. Costs are estimated on the basis of actual requirements and past expenditures.

6. **General operating expenses** represent costs of rental and maintenance of premises and equipment, communications, shipping and other contractual services required for meetings as well as the operations of the secretariat. Cost projections are based on historical data.

7. **Secretariat-wide operational costs** cover acquisition of furniture and equipment, printing, staff training and contributions to common services of the United Nations in Bonn. Projections are based on historical data and adjusted to actual needs.



### C. Programme support costs (overhead charge) and working capital reserve

8. In accordance with the financial procedures (decision 15/CP.1), the Convention budget is required to provide for 13 per cent of the programme expenditures as overhead charges, and to maintain a working capital reserve of 8.3 per cent of the Convention budget (one month of operating requirements).

### D. Exchange rate

9. All costs have been calculated on the basis of actual expenditures. The exchange rate fluctuation between the euro and the United States dollar has been factored into these costs using the average from January 2008–March 2009 (EUR 1 = USD 1.430) (see table 15).

**Table 15. Exchange rate: United States dollar to euro**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
<b>2008</b>	1.458	1.479	1.513	1.577	1.558	1.555	1.572	1.488	1.393	1.348	1.295	1.295	<b>1.461</b>
<b>2009</b>	1.323	1.312	1.279										<b>1.305</b>

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