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Item X of the provisional agenda

Proposed programme budget for the biennium 2012–2013

Note by the Executive Secretary*

Addendum

Trust Fund for the International Transaction Log

Summary

This document contains the work programme and proposed budget for the international transaction log for the biennium 2012–2013, for consideration by the Subsidiary Body for Implementation at its thirty-fourth session.

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

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I. Introduction

A. Mandate

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by its decision 12/CMP.6, requested the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation (SBI) at its thirty-fourth session, a proposed programme budget for the biennium 2012–2013, which includes the budget for the international transaction log (ITL).
2. The CMP also requested the SBI to recommend, at its thirty-fourth session, a programme budget for adoption by the Conference of the Parties at its seventeenth session, and by the CMP at its seventh session.
3. By its decision 11/CMP.3, the CMP requested the secretariat to establish the Trust Fund for the International Transaction Log for the receipt of fees to cover the resource requirements of activities relating to the ITL administrator.
4. The CMP, at its sixth session, adopted decision 9/CMP.6 on the methodology for the collection of ITL fees in the biennium 2012–2013. The annex to that decision contains the ITL scale of fees for the biennium 2012–2013. ITL fees for all Parties to the Convention that are also Parties to the Kyoto Protocol with commitments inscribed in Annex B to the Kyoto Protocol (Annex B Parties) for the biennium 2012–2013 will be apportioned using this scale of fees and the agreed budget for the ITL for the biennium 2012–2013.

B. Scope of the note

5. This document contains the proposed budget for the ITL for the biennium 2012–2013. In addition to presenting the required financial resources, it details the proposed work programme for the ITL for the biennium 2012–2013.

C. Possible action by the Subsidiary Body for Implementation

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

II. Key areas of work

7. The CMP, by its decision 13/CMP.1, requested the secretariat to establish and maintain the ITL in order to verify the validity of transactions undertaken by registries established under decisions 3/CMP.1 and 13/CMP.1. In addition, the secretariat was assigned the role of ITL administrator with the responsibility for, inter alia, ensuring the proper functioning of this critical system, which is an essential component of the settlement infrastructure for emissions trading under the Kyoto Protocol.¹
8. The secretariat, as the ITL administrator, is required to maintain and operate the ITL, the purpose of which is to record and verify the validity of transactions proposed by national registries of Annex B Parties and by the clean development mechanism (CDM) registry. The ITL administrator organizes meetings of the Registry System Administrators

¹ Details on the activities of the ITL administrator are contained in its annual report. The latest version of the report is contained in document FCCC/KP/CMP/2010/8.

Forum (RSA Forum), which aims to enhance cooperation between administrators of registries and to facilitate the implementation of the common operational procedures for registry systems established by the RSA Forum in accordance with decision 16/CP.10.

III. Work programme

9. In the biennium 2012–2013, the focus of activities carried out by the ITL administrator will be on ensuring the continuity and reliability of the operation of registry systems and of the ITL. For that purpose, the ITL administrator plans to carry out the following key activities:

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

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

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

(d) Provide support to national registries, the CDM registry, the Community Independent Transaction Log, the joint implementation and CDM information systems and the compilation and accounting database in order to maintain their connections and operations with the ITL;

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

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

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

IV. Proposed budget

10. The proposed ITL budget reflects the resources required to ensure the continued reliable operation of the ITL. All efforts have been made to keep the requirements to a minimum, as outlined in paragraph 12 below.

11. The table below presents the proposed budget of the ITL for the biennium 2012–2013 and compares it with the budgets for the ITL in the biennium 2008–2009 and the biennium 2010–2011.

Proposed budget for the international transaction log for 2012–2013 by object of expenditure

<i>Object of expenditure</i>	<i>2008–2009 (EUR)</i>	<i>2010–2011 (EUR)</i>	<i>2012–2013 (EUR)</i>
Staff costs	1 424 979	1 412 000	1 399 632

<i>Object of expenditure</i>	<i>2008–2009 (EUR)</i>	<i>2010–2011 (EUR)</i>	<i>2012–2013 (EUR)</i>
Temporary assistance and overtime	76 202	69 930	69 936
Contractors and consultants	3 989 179	3 406 184	3 295 728
Travel of staff	45 721	27 972	35 016
Experts and expert groups	64 010	48 951	35 496
General operating expenses	335 289	97 902	108 576
Contributions to common services	193 810	163 200	166 608
Subtotal	6 129 190	5 226 139	5 110 992
Programme support costs	796 795	679 398	664 428
Adjustment to working capital reserve	–	245 080	(5 400) ^a
Total	6 925 985	6 150 617	5 770 020

^a In accordance with decision 10/CMP.5, paragraph 7, the working capital reserve has been established at 8.3 per cent of estimated expenditure for one year. The current working capital reserve is EUR 245,080 and the working capital reserve for the biennium 2012–2013 amounts to EUR 239,680, a difference of EUR 5,400.

12. The ITL administrator will take the following measures to keep the resource requirements of the ITL in the biennium 2012–2013 to a minimum:

- (a) Engaging RSAs in the annual review of national registries, thereby avoiding costs for consultants;
- (b) Streamlining the procedure for the replacement of the digital certificates used in registry systems;
- (c) Reviewing the technical standards for data exchange between registry systems under the Kyoto Protocol with a view to reducing the number of incidents in the registry systems and related costs of the ITL service desk;
- (d) Keeping new development of the ITL software to a minimum;
- (e) Continuing to use secretariat staff instead of more expensive consultancies, where possible;
- (f) Reducing the number of regular RSA Forum meetings from four in the biennium 2010–2011 to two in the biennium 2012–2013.

13. The budget line for contractors and consultancies includes the costs for the renewal of obsolete hardware and takes into account the indexation applied by some contractors on existing contracts.

14. The proposed budget assumes that no major changes to the data exchange standards and/or the common operational procedures and/or the ITL support systems will take place during the biennium.