



Subsidiary Body for Implementation

Thirty-eighth session

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Item X of the provisional agenda

Proposed programme budget for the biennium 2014–2015

Note by the Executive Secretary*

Summary

This document contains the programme budget for the biennium 2014–2015 proposed by the Executive Secretary for consideration by the Subsidiary Body for Implementation at its thirty-eighth session, adoption by the Conference of the Parties at its nineteenth session and endorsement by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session. It should be considered in conjunction with the addenda to this document, which provide details of the work programme and corresponding resource requirements, a list of activities to be funded from supplementary sources and the budget of the international transaction log.

* 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 (COP), by decision 25/CP.18, requested the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation (SBI), at its thirty-eighth session, a proposed programme budget for the biennium 2014–2015 and a contingency for funding conference services, should this prove necessary in the light of decisions taken by the General Assembly at its sixty-eighth session.

2. The COP also authorized the SBI to recommend, at its thirty-eighth session, a programme budget for adoption by the COP at its nineteenth session and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its ninth session.

B. Scope of the note

3. This document contains the proposed programme budget for the biennium 2014–2015. In addition to presenting the human and financial resources required to implement the work programme of the secretariat, this document outlines the details of the overall approach of the Executive Secretary in framing the programme budget proposal and seeks to give Parties a comprehensive overview of all activities financed from different sources, including information on contingencies for conference services and on requirements for the arrangement of additional sessional meetings. The proposed work programme of the secretariat is presented in document FCCC/SBI/2013/6/Add.1. Activities for which supplementary funding is sought are presented in document FCCC/SBI/2013/6/Add.2, and the resource requirements for the Trust Fund for the International Transaction Log are presented in document FCCC/SBI/2013/6/Add.3. These documents are complemented by the clean development mechanism (CDM) management plan¹ and the joint implementation (JI) management plan.²

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 nineteenth session and by the CMP at its ninth session, including possible contingency provisions for conference services and additional sessional meetings;

(b) To recommend a budget for the international transaction log and agree on a draft decision for adoption by the CMP at its ninth session;

(c) To authorize the Executive Secretary to notify Parties of their contributions for 2014 on the basis of the recommended budget.

5. In addition, the SBI is invited:

(a) To take note of the financing arrangements for the CDM and JI;

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

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

(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.

II. Approach of the Executive Secretary in framing the programme budget proposal

A. Goals for the biennium 2014–2015

6. In presenting this programme budget for consideration by Parties, the Executive Secretary has been guided by the following three goals:

(a) Supporting Parties in the continuing evolution and strengthening of the multilateral climate change regime so that the UNFCCC process is ‘fit for purpose’ and able to meet the challenge of responding to climate change, including the development of a new legal and universal agreement by 2015, and enhancing action on mitigation and adaptation and the related support;

(b) Delivering on the ambitious implementation agenda set by Parties under the Convention and its Kyoto Protocol by ensuring the provision of support to the intergovernmental process, the constituted bodies, and the measurement, reporting and verification regime;

(c) Advancing the secretariat towards the goal of being a top-performing organization with the highest standards for the most efficient and effective service delivery.

B. Taking on board new mandates while maintaining minimum growth

7. In framing the 2014–2015 programme budget proposal, the Executive Secretary has been transparent and consultative. She is determined to keep the budget to the absolute minimum, while ensuring the ability to deliver the work programme defined by decisions of the COP and the CMP.

8. The Cancun Agreements adopted in 2010 and the outcomes of the United Nations Climate Change Conferences held in Durban, South Africa, in 2011 and in Doha, Qatar, in 2012 have fundamental institutional and process implications for Parties and the secretariat. New institutions and processes, including the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), the Cancun Adaptation Framework, the Adaptation Committee, the Technology Mechanism, the Standing Committee on Finance and several others, have been established. They are expected to play a crucial role in the implementation of the Convention and will receive enhanced support from the secretariat in the biennium 2014–2015.

9. Cognizant of the financial constraints of governments, the secretariat continues to reorganize work and workloads in order to be able to absorb new requirements for activities and outputs in support of the strengthened multilateral climate change regime. As a result of much effort to increase the output and productivity of the existing resources, the secretariat can report that no new core resources are sought in the biennium 2014–2015 for many tasks that are additional to those included in the work programme for the current biennium, including the following:

(a) Making arrangements for three meetings of the Standing Committee on Finance;

- (b) Providing substantive and managerial support for additional sessional meetings;
- (c) Making arrangements for more meetings of the Compliance Committee;
- (d) Managing the submissions and organizing the reviews of 44 sixth national communications from Parties included in Annex I to the Convention (Annex I Parties) under the Convention and its Kyoto Protocol;
- (e) Preparing and launching the final accounting and compliance process for the first commitment period of the Kyoto Protocol;
- (f) Preparing and conducting the initial reviews for the second commitment period of the Kyoto Protocol;
- (g) Defining and implementing the changes to the information technology systems (such as the international transaction log, the compilation and accounting database, the review tools and the greenhouse gas (GHG) data interface) required for the second commitment period of the Kyoto Protocol and for the changeover to using the Intergovernmental Panel on Climate Change (IPCC) 2006 *IPCC Guidelines for National Greenhouse Gas Inventories*;
- (h) Increasing service levels in response to the anticipated higher demand in various areas of work, including for the provision of legal opinions and the clearance of legal instruments.

10. Enhanced cost-effectiveness and the continued full commitment of the secretariat's highly skilled workforce will ensure that a steadily growing workload is to a large extent absorbed by the current allocation of secretariat staff.

11. Additional negotiation sessions, sometimes two per year, continue to place a heavy and unbudgeted burden on the secretariat staff, whether their posts are funded from the core budget or from the Trust Fund for Supplementary Activities. While absorbing the additional sessions may appear routine, there continues to be a cost, which has been borne by staff willingly and effectively supporting the process.

12. Innovative methods and tools are being implemented by the secretariat in order to systematically realize opportunities for reducing costs and to enhance the speed and effectiveness of the secretariat's operations. Improvement projects are expected to continue to yield multiple benefits, including cost savings and higher service quality.

13. A mandated report on dynamic efficiency gains achieved by the end of 2012 is contained in document FCCC/SBI/2013/INF.5. It includes detailed information on the efficiency gains achieved, including specific cost savings, as well as on the efficiency programme established in 2012 with a view to enhancing efficiency measures and cost-effectiveness across the secretariat, building in-house capacity and creating a culture of cost-efficiency and innovation among all secretariat staff.

14. However, despite all of the above-detailed efforts, there are two critical areas of work that cannot be absorbed into the secretariat's workload with funding at its current level.

C. Ensuring stable financial support for the Ad Hoc Working Group on the Durban Platform for Enhanced Action and measurement, reporting and verification

15. The ADP is one of the most important global forums of this decade. In the biennium 2014–2015, a key focus of the intergovernmental process will be on achieving results in the

context of the Durban Platform for Enhanced Action, including taking action to close the ambition gap and the successful adoption of a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties. Achieving such results by the end of 2015 and preparing for the successful implementation of the 2015 agreement when it comes into effect in 2020 are critical in the view of many Parties and leaders and the global public.

16. It is not desirable for the success of the ADP to be dependent upon ad hoc supplementary funding. The ADP has been heavily reliant on supplementary funding up to now, as were the Ad Hoc Working Group on Long-term Cooperative Action under the Convention and the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol during their recently completed processes, owing to late decisions on their establishment or prolongation. By contrast, the support provided henceforth to the ADP needs to be based on a solid and stable financial footing.

17. Parties have been taking important decisions with regard to the process of measurement, reporting and verification for both Annex I Parties and Parties not included in Annex I to the Convention (non-Annex I Parties). Most such decisions have introduced actions of a mandatory nature to be supported by the secretariat, and their impact is significant in terms of adjustments to the process and workload of the secretariat. Over the past two years the Executive Secretary has underlined that the budgetary implications of decisions related to measurement, reporting and verification need to be given special attention in view of the amount of additional effort that they imply.

18. In the biennium 2014–2015, the measurement, reporting and verification regime will move from the conceptual phase to implementation. Major new requirements resulting from mandates related to measurement, reporting and verification include requests to support and/or manage:

- (a) International assessment and review (IAR) for Annex I Parties;
- (b) International consultation and analysis (ICA) for non-Annex I Parties;
- (c) The operation of the nationally appropriate mitigation action (NAMA) registry;
- (d) Aspects related to measurement, reporting and verification of REDD-plus³ activities.

19. The scope and scale of the resulting workload for the secretariat are such that it will not be possible to implement measurement, reporting and verification and the ADP on the basis of a zero real growth baseline. That said, the Executive Secretary is fully aware of the current budgetary constraints of national governments, which would seem to provide only limited scope, if any, for increases in funding. Matching these two realities is a major challenge.

20. In the light of these conflicting demands, the Executive Secretary proposes a core budget in two tiers, with the first tier (tier 1) maintaining zero real growth, with the exception of the provision of support for the critical ADP process within the core budget. Given the importance of reaching an agreement under the Convention by 2015 and ensuring its implementation when it comes into effect in 2020, the Executive Secretary proposes support for the ADP process that is financially stable and predictable. A second tier (tier 2) of support for the implementation of the measurement, reporting and verification process is

³ Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries. REDD-plus activities are those referred to in decision 1/CP.16, paragraph 70.

also proposed. While it is clear that further decisions of Parties are necessary to finalize certain details of the measurement, reporting and verification process, the outputs already envisioned to be delivered by the secretariat require a major new commitment of staff and resources.

21. Some interest has been expressed in including an additional annual ADP session in the core budget. The potential core budget requirements associated with additional sessional meetings of the ADP are detailed in chapter XII.B below. The secretariat estimates that a session of the ADP, comprising three days of pre-sessional meetings and a five-day sessional meeting, held in Bonn, Germany, would entail additional costs to the core budget of approximately EUR 1.1 million. There would also be additional funds required from the Trust Fund for Participation in the UNFCCC Process, which would vary depending on the number of delegates supported for the session (detailed resource requirements can be found in table 6).

III. Structure of the proposed programme budget

22. 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 in 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 finances the activities of the international transaction log from fees paid by user Parties only.

23. The core budget is approved by decisions of the COP and the CMP and is funded through indicative contributions from all Parties. The level of income and expenditure under the other five trust funds is 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/2013/6/Add.1.

24. As indicated in chapter II above, the core budget is presented in this document in two tiers:

- (a) Tier 1 will reflect zero real growth for most programmes, with the exception of budgetary requirements for work in relation to the Durban Platform for Enhanced Action;
- (b) Tier 2 will enable the secretariat to support new activities related to measurement, reporting and verification under the Convention, including the following:
 - (i) IAR for Annex I Parties;
 - (ii) ICA for non-Annex I Parties;

- (iii) The continuous operation of the NAMA registry;
- (iv) Aspects related to measurement, reporting and verification of REDD-plus activities.

25. The ratio of contributions towards core budget requirements under the Kyoto Protocol and under the Convention is presented in chapter VII below.

26. The Executive Secretary has maintained the principle that essential activities should be funded from the core budget. However, in order to limit increases to the core budget, it is proposed that some mandated activities be funded in part from voluntary contributions, wherever expected income is predictable and sufficient to sustain such activities. For example, on the basis of decision 12/CP.11, three meetings each of the Adaptation Committee, the Technology Executive Committee, the Standing Committee on Finance, the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (CGE)⁴ and the Least Developed Countries Expert Group will be funded from the core budget in the biennium 2014–2015, while voluntary contributions will finance any additional meetings. With regard to the Compliance Committee, four plenary meetings and nine branch meetings are planned for the next biennium. Half of those meetings will be funded from the core budget, while voluntary contributions to the Trust Fund for Supplementary Activities will be sought to finance the remaining meetings. Although voluntary contributions and special projects play an important role in service delivery, it must be noted that they do not provide sufficient security to guarantee the effective delivery of results. Such activities funded through voluntary contributions will only be undertaken should sufficient funding be received from Parties.

27. 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,⁵ the 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, under 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.

IV. Reducing costs and enhancing efficiency

28. In the biennium 2012–2013 the secretariat has made significant progress in cutting costs, enhancing the efficiency of its operations and maximizing the effectiveness of its resources. Achievements include the following:

- (a) Implementing the extraordinary 3 per cent efficiency dividend mandated by decision 18/CP.17, while fully delivering in terms of the heavy post-Cancun workload;
- (b) Building up the systems, culture, knowledge and skills across all secretariat programmes for systematically identifying and realizing opportunities for cost reductions and efficiency gains;
- (c) Introducing and adapting the best industry-proven methods and tools, including LEAN,⁶ to improve the cost-effectiveness of specific operations of the secretariat and to deliver more and faster using the same resources;

⁴ Pending the decision of the COP to extend the mandate of the CGE.

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

⁶ LEAN is a collection of principles, methods and tools that improve the speed and efficiency of any process by eliminating waste.

(d) Developing solid benefit-realization tracking and reporting tools;

(e) Adopting a streamlined process for prioritizing improvement initiatives according to their level of expected impact on client satisfaction, the secretariat's goals, financial benefits and lead time, as well as on risk and compliance.

29. In the biennium 2014–2015 the secretariat staff will build on the solid foundation laid during the current biennium in terms of identifying opportunities for cost reductions, efficiency gains and realizing benefits on a daily basis. As awareness among staff of established systems, methods and tools is expected to continuously grow, so the number of improvement projects and resulting benefits is anticipated to increase. It is planned that certified staff will facilitate a total of 10 to 15 complex improvement projects per year and it is expected that the benefits resulting from the projects will be, on average, worth at least 25 per cent more than the investment. In addition, the secretariat staff will continue taking cost, efficiency and effectiveness into consideration in their daily work, programmes and projects.

V. Additional requirements

A. Ad Hoc Working Group on the Durban Platform for Enhanced Action

30. The proposed programme budget for the biennium 2014–2015 provides for a stabilization of the support provided for the ADP process. The process of crafting the 2015 framework agreement and post-2020 climate change regime is a critical focus of the intergovernmental process during the biennium 2014–2015. The Implementation Strategy Unit (ISU) in the Executive Direction and Management (EDM) programme provides key staffing support for the ADP process. Up to now the staffing of the ISU has been dependent in large part upon ad hoc supplementary funding. However, it is not desirable to continue with such an uncertain funding arrangement for a process that is central to the successful development of an agreed outcome with legal force.

31. Therefore, it is proposed to shift the funding of four ISU staff, up to now funded via the Trust Fund for Supplementary Activities, to the core budget for the biennium 2014–2015. During the biennium 2012–2013, an uncertain funding situation in which, in some cases, staff could not be sure of employment contracts for longer than six months was the norm. During the start-up phase of the ADP uncertain funding was manageable, but such an arrangement would be detrimental in the biennium 2014–2015. Therefore, in order to put the provision of support for the ADP process on a firmer footing in the biennium 2014–2015, the funding of the critical posts of Secretary to the ADP, ADP Programme Officer, COP Programme Officer and Assistant to the Director of ISU is proposed to be included in the core budget. For further details, see chapter VI below.

B. Measurement, reporting and verification

32. The following new measurement, reporting and verification activities, which are additional to the work carried out by the Mitigation, Data and Analysis (MDA) programme in the current biennium and entail significant new work, are provided for in the programme budget proposal for the biennium 2014–2015 under tier 2:

(a) **IAR** for Annex I Parties, including the management of the submissions and reviews of biennial reports from Annex I Parties and the provision of support to the SBI for its work relating to IAR;

(b) **ICA** for non-Annex I Parties, including the coordination of the provision of support to non-Annex I Parties for preparing and submitting their biennial update reports (BURs), the training of technical experts to support the technical analysis of BURs, the facilitation of the launch and operation of ICA and the provision of support to the SBI for its work relating to ICA;

(c) The **NAMA registry**, including the operation and maintenance of a functional NAMA registry, including the generation of mandated reports to support the different bodies under the Convention, and any further development required for recording NAMAs seeking international support as well as for fulfilling the 'matching' function with respect to NAMAs seeking support;

(d) Aspects related to measurement, reporting and verification of REDD-plus activities, including the COP work programme on finance for reducing emissions from deforestation and forest degradation in developing countries (REDD), the further work of the Subsidiary Body for Scientific and Technological Advice (SBSTA) on methodological guidance and technical modalities, and the joint SBSTA/SBI process to improve the coordination of REDD-related support.

33. Consistent with the overall effort to increase cost efficiency and contain any increase in the budget, the secretariat will absorb a significant portion of the funding support required for the activities listed in paragraph 32 above within the tier 1 part of the core budget. However, in view of the nature and scope of the new activities, additional, tier 2, funding will be required to enable the secretariat to deliver on these major new activities.

VI. Proposed programme budget

34. The proposed programme budget is presented in two tiers:

(a) Tier 1, which reflects zero real growth for all programmes except EDM and proposes a stabilization of the provision of support for the critical ADP process;

(b) Tier 2, which includes an additional 25 posts and associated non-staff costs related to the implementation of measurement, reporting and verification under the MDA programme.

35. Under tier 1, the stabilization of the provision of support for the Durban Platform for Enhanced Action process and coherence in the follow-up to the outcomes of the Bali Road Map process will entail the following proposed changes to posts:

(a) The Secretary to the ADP, at the P-5 level, will coordinate the development of strategies for support to the ADP process, manage the provision of this support by the ADP core team and secretariat programmes and report on progress to senior management;

(b) A Programme Officer, at the P-3 level, will provide procedural support to the presiding officers, lead the substantive preparation of pre-sessional and in-session documents, lead all matters related to the organization of negotiating sessions, oversee all procedural matters related to the organization of work and manage the content of the relevant sections of the UNFCCC website, in particular the web pages of the supported negotiating body;

(c) A Programme Officer, at the P-3 level, under the supervision of the Secretary of the COP and the CMP, will provide procedural and planning support to the sitting and in-coming Presidents of the COP and the CMP throughout the sessional periods and will support sessions of the COP and the pre-COP sessions through participation in planning and overseeing the issues related to the organization of the work, negotiation process and other activities related to the intergovernmental process and linkages between the ADP, the

subsidiary bodies and, in particular, the COP, the CMP and other sessional and inter-sessional meetings;

(d) The Assistant to the Director for Implementation Strategy, at the General Service (GS) level, will be responsible for providing administrative support to the Director in the accomplishment of his or her management and coordination duties in support of the intergovernmental process and to the ISU team.

36. Also under tier 1, the following post adjustments within the Adaptation, Legal Affairs and EDM programmes are proposed in order to better utilize the available resources:

(a) It is proposed to realign the structure of the Adaptation programme in order to better utilize the available resources through the redistribution of tasks within the programme. Such action would result in the upgrade of a GS post of Research Assistant to a P-2 Associate Programme Officer post. The upgraded post would involve the provision of support to the Adaptation Committee, as well as additional tasks to support the intergovernmental process by providing substantive technical analysis and documentation support to negotiations, the conduct of assessment and reporting activities to enhance the impact of the programme and the work of the Adaptation Committee, and the provision of support for other inter-sessional events and activities, as well as the knowledge management function of the programme;

(b) The downgrade of a P-3 Programme Officer post to a P-2 Associate Programme Officer post is also proposed within the context of the realignment of the Adaptation programme. The downgrade would result from a redistribution of tasks among existing staff of aspects of the “observed impacts” element under the review of the long-term goal and tasks related to research and systemic observation, as well as the redistribution of organizational aspects, which will be redirected and absorbed into the cross-cutting support and outreach workstream;

(c) For planning, coordinating and providing leadership within the Legal Affairs programme’s workstream on reporting, review compliance and mechanisms, to ensure coherence and consistency in the secretariat’s provision of legal support for the implementation of the increasingly complex regulatory framework and the design of the future regime, and to manage the workstream’s human resources component, one post will be upgraded from P-4 to P-5 in the Legal Affairs programme. To accommodate this change, work has been redistributed among existing staff within the Information Technology Services programme, thus allowing for the downgrade of one post from P-5 to P-4;

(d) The Manager/Senior Adviser P-4 post within the ISU of the EDM programme is proposed to be upgraded to the P-5 level as of 1 July 2014, to serve as the Secretary to the Implementation Coordination Committee and, with the Director for Implementation Strategy, coordinate the development of strategies for the evolution of the climate change regime through the Durban Platform for Enhanced Action process, ensuring coherence with existing institutional architecture and the implementation of the outcome of the Bali Road Map.

37. In view of the new measurement, reporting and verification requirements for the biennium 2014–2015, the Executive Secretary proposes to provide under tier 2 the resources required for the implementation of IAR, ICA, the NAMA registry and measurement, reporting and verification for REDD-plus. The establishment of the following additional posts would provide the minimum necessary resources to carry out the implementation of measurement, reporting and verification during the biennium 2014–2015:

(a) One P-4 post would be established to strengthen the planning and implementation of IAR for Annex I Parties; also, as part of the support for IAR, one P-4 post and four P-3 posts would be established to ensure the timely conduct of the reviews of biennial reports and the timely preparation of the reports on the reviews of biennial reports, as well as to support and facilitate intergovernmental negotiation processes and the facilitative sharing of views among Parties during IAR under the SBI;

(b) One P-3 post would be established to support the training of experts for IAR, to implement relevant changes to the training programmes and to support the intergovernmental negotiation process on matters related to the further development of measurement, reporting and verification training programmes;

(c) Supporting the work on REDD-plus, a P-4 post, a P-3 post and a P-2 post would need to be established to ensure that the subsidiary bodies, the COP and the ADP are provided with advice, support and information in order to advance the implementation of the activities under the work programmes and negotiations on aspects related to measurement, reporting and verification of REDD-plus in a timely, effective and efficient manner and to strengthen cooperation with numerous intergovernmental organizations and partners on REDD-plus matters;

(d) Supporting work related to measurement, reporting and verification in the substantive area of Annex I Parties' GHG inventories, one P-4 and two P-3 posts would be established to lead (P-4) and support (P-3) the preparation and implementation of measurement, reporting and verification related changes to the reporting and review requirements for Annex I Parties, including those relating to the reporting and review of inventory-related information in biennial reports from Annex I Parties, to organize (P-4) work on the revision and enhancement of the analytical tools used in the inventory review process for Annex I Parties, to lead (P-4) and support (P-3) the preparation of various analytical and information documents to support the IAR process and to support relevant negotiations;

(e) A P-4 post would be established to lead the ICA-related work, including the provision of technical advice and capacity-building support to developing countries for the preparation of their BURs and the provision of support for the technical analysis of BURs;

(f) In view of the coverage and scope of ICA, three P-3 posts and two P-2 posts would be needed to support the various training and capacity-building activities for the various areas covered in BURs, to coordinate the technical analysis of BURs by the team of technical experts and to support the facilitative sharing of views among Parties;

(g) One P-3 post would be needed to strengthen the provision of support to non-Annex I Parties for the preparation and implementation of their NAMAs, as well as to ensure the continuous operation and maintenance of the NAMA registry;

(h) In support of IAR for Annex I Parties, it is proposed to establish two GS-level positions to provide general administrative support, coordinate communication flows, provide for the timely dissemination of information within and outside of the programme and assist with logistical issues related to workshops and other inter-sessional events;

(i) In support of ICA for non-Annex I Parties, it is proposed to establish two GS-level positions to provide general administrative support, coordinate communication flows, provide for the timely dissemination of information within and outside of the programme and assist with logistical issues related to workshops and other inter-sessional events;

(j) In support of measurement, reporting and verification, one GS-level post in the Information Technology Services programme is proposed to provide computer support services to users of hardware and software and to provide applications support in terms of

the definition and specification of requirements for new applications and the maintenance of customized software systems.

A. Secretariat-wide staffing funded from the core budget

38. Table 1 presents the 2014 and 2015 posts by grade for tier 1 and tier 2. The establishment of the new posts outlined in paragraph 35 above results in a net increase of four posts to tier 1 when compared with 2013.

Table 1
Secretariat-wide staffing funded from the core budget

	Tier 1			Tier 2	
	2013	2014	2015	2014	2015
Professional category and above ^a					
ASG	1	1	1	–	–
D-2	3	3	3	–	–
D-1	7	7	7	–	–
P-5	15	17	17	–	–
P-4	30	29	29	5	5
P-3	37	38	38	12	12
P-2	13	16	16	3	3
Subtotal Professional category and above	106	111	111	20	20
Subtotal General Service category	51.5	50.5	50.5	5	5
Total	157.5	161.5	161.5	25	25

^a Assistant Secretary-General (ASG), Director (D) and Professional (P).

B. Proposed core budget by object of expenditure

39. Details of the proposed 2014–2015 core budget by object of expenditure for tier 1 and tier 2 are shown in table 2.

Table 2
Proposed core budget by object of expenditure

Object of expenditure	2012–2013 (EUR)	2014–2015		
		Tier 1 (EUR)	Variance (%)	Tier 2 (EUR)
Staff costs	33 060 721	34 676 428	4.9	5 464 986
Consultants	1 488 718	1 403 206	–5.7	2 524 540
Travel of staff	1 473 301	1 270 040	–13.8	127 534
Experts and expert groups	2 039 656	1 559 845	–23.5	1 840 475
General operating expenses	2 926 172	3 031 955	3.6	940 600
Supplies and materials	302 306	257 622	–14.8	35 040
Acquisition of furniture and equipment	871 080	603 632	–30.7	67 200
Training	264 202	293 614	11.1	33 600
Contributions to common services	1 172 744	1 188 928	1.4	179 376

<i>Object of expenditure</i>	<i>2012–2013 (EUR)</i>	<i>2014–2015</i>		
		<i>Tier 1 (EUR)</i>	<i>Variance (%)</i>	<i>Tier 2 (EUR)</i>
Grants and contributions (IPCC) ^a	489 510	489 510	0.0	–
Total core programme budget	44 088 410	44 774 780	1.5	11 213 351
Less: extraordinary efficiency dividend	1 322 652			
Revised programme expenditures	42 765 758	44 774 780	4.7	11 213 351
Programme support costs	5 559 548	5 820 727	4.7	1 457 736
Adjustment to working capital reserve ^b	185 875	82 149	–55.8	529 126
Grand total	48 511 181	50 677 656	4.5	13 200 213

^a Intergovernmental Panel on Climate Change.

^b In accordance with the financial procedures (decision 15/CP.1, annex I, para. 14), the working capital reserve shall be increased to EUR 2,099,309 under tier 1 in 2014 and increased by an additional EUR 529,126 for tier 2. The same levels will be maintained for 2015.

40. The principal component of the core budget consists of staff costs. For the 2014–2015 biennium, staff costs represent approximately 78 per cent of the proposed total core programme budget under tier 1. Other major components include general operating expenses (7 per cent) and experts and expert groups (4 per cent).

41. The 2014–2015 tier 1 budget proposal reflects a 4.5 per cent increase when compared with 2012–2013. The overall increase is due primarily to the following: adjustments in the standard costs of staff on the basis of actual numbers;⁷ the shifting of four staff from supplementary to core funding within the ISU and COP teams; and a 1 per cent price adjustment applied to all other objects of expenditure, except for the contribution to the IPCC, which remains at the same level as in the previous biennium.

42. For the 2014–2015 biennium, total staff costs are proposed to increase by 4.9 per cent under tier 1 when compared with 2012–2013. The increase in staff costs of EUR 1.6 million is primarily attributable to the following: (a) adjustments in the standard costs of staff; (b) the establishment of four new posts in the ISU and COP teams; and (c) the delayed impact of the addition of a P-3 post during the second year of the 2012–2013 biennium within the Adaptation programme.

43. The tier 1 budget proposal for non-staff costs amounts to EUR 10.1 million in the 2014–2015 biennium, a decrease of approximately EUR 0.9 million when compared with the current biennium. The decrease reflects the following: the reduced use of consultants owing to the increased use of in-house expertise; reduced travel expenses, as more meetings are projected to be held in Bonn and videoconference facilities are to be used where possible; reduced expenditure on experts due to remote decision-making and the clustering of meetings; lower equipment costs as a result of extending equipment replacement cycles wherever possible; and the purchase of major non-recurring equipment in the last biennium. The reduced budget for non-staff costs is also a result of the secretariat's efforts to economize wherever possible through the continuous review of programmes and processes.

44. Under tier 2, an additional EUR 11.2 million, or 25 per cent of the requirements under tier 1, is requested. Staff costs represent approximately 49 per cent of the total core programme budget proposal under tier 2. Other major components include consultants (23 per cent) and experts (16 per cent).

⁷ Refer to table 12 in the annex to this document.

C. Proposed core budget by programme

45. Table 3 summarizes the proposed core budget by programme for the biennium and the expected sources of income. Tier 1 represents zero real growth, with the exception of four posts established in support of the ADP process within the EDM programme. Tier 2 represents an increment of 25 per cent over tier 1. Tier 2 reflects additional resource requirements to allow for the transition from the development of measurement, reporting and verification during the biennium 2012–2013 to the much more significant implementation of measurement, reporting and verification during the biennium 2014–2015. See document FCCC/SBI/2013/6/Add.1 for a comparison between the bienniums 2012–2013 and 2014–2015.

Table 3

Proposed core budget for 2014–2015 by programme and tier

	Tier 1 (EUR)	Tier 2 (EUR)	Total (tier 1 + tier 2) (EUR)
A. Programme appropriations			
Executive Direction and Management	5 373 364	–	5 373 364
Mitigation, Data and Analysis	10 146 500	9 961 535	20 108 035
Finance, Technology and Capacity-building	5 616 070	–	5 616 070
Adaptation	3 957 056	–	3 957 056
Sustainable Development Mechanisms	1 105 554	–	1 105 554
Legal Affairs	2 680 836	–	2 680 836
Conference Affairs Services	3 266 102	179 000	3 445 102
Communications and Outreach ^a	3 409 414	–	3 409 414
Information Technology Services	6 171 024	345 600	6 516 624
Administrative Services ^b	–	–	–
B. Secretariat-wide operating costs^c	3 048 860	727 216	3 776 076
Programme expenditures (A + B)	44 774 780	11 213 351	55 988 131
C. Programme support costs (overheads)^d	5 820 727	1 457 736	7 278 463
D. Adjustment to working capital reserve^e	82 149	529 126	611 275
Total (A + B + C + D)	50 677 656	13 200 213	63 877 869
Income			
Contribution from the Host Government	1 533 876	–	1 533 876
Indicative contributions	49 143 780	13 200 213	62 343 993
Total income	50 677 656	13 200 213	63 877 869

^a Revised programme name to reflect a new emphasis on communications and outreach.

^b Administrative Services (AS) is funded from programme support costs (overheads).

^c Secretariat-wide operating costs are managed by AS.

^d Standard 13 per cent applied for administrative support. See chapter XI below.

^e In accordance with the financial procedures (decision 15/CP.1), the core budget is required to maintain a working capital reserve of 8.3 per cent (one month of operating requirements).

46. Table 4 summarizes the proposed core budget by programme for tiers 1 and 2 combined for 2014 and 2015 and in total for the biennium.

Table 4

Proposed tier 1 and tier 2 combined core budget for 2014–2015 by programme and year

	2014 (EUR)	2015 (EUR)	Total (EUR)
A. Programme appropriations			
Executive Direction and Management	2 681 162	2 692 202	5 373 364
Mitigation, Data and Analysis	9 842 849	10 265 186	20 108 035
Finance, Technology and Capacity-Building	2 753 242	2 862 828	5 616 070
Adaptation	2 018 630	1 938 426	3 957 056
Sustainable Development Mechanisms	552 777	552 777	1 105 554
Legal Affairs	1 355 063	1 325 773	2 680 836
Conference Affairs Services	1 712 301	1 732 801	3 445 102
Communications and Outreach ^a	1 704 707	1 704 707	3 409 414
Information Technology Services	3 282 312	3 234 312	6 516 624
Administrative Services ^b	–	–	–
B. Secretariat-wide operating costs^c	2 121 638	1 654 438	3 776 076
Programme expenditures (A + B)	28 024 681	27 963 450	55 988 131
C. Programme support costs (overheads)^d	3 643 214	3 635 249	7 278 463
D. Adjustment to working capital reserve^e	611 275	–	611 275
Total (A + B + C + D)	32 279 170	31 598 699	63 877 869
Income			
Contribution from the Host Government	766 938	766 938	1 533 876
Indicative contributions	31 512 232	30 831 761	62 343 993
Total income	32 279 170	31 598 699	63 877 869

^a Revised programme name to reflect a new emphasis on communications and outreach.

^b Administrative Services (AS) is funded from programme support costs (overheads).

^c Secretariat-wide operating costs are managed by AS.

^d Standard 13 per cent applied for administrative support. See chapter XI below.

^e In accordance with the financial procedures (decision 15/CP.1), the core budget is required to maintain a working capital reserve of 8.3 per cent (one month of operating requirements).

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

47. The fact that not all Parties to the Convention are also Parties to the Kyoto Protocol necessitates some differentiation in the contribution regime. With regard to the ratio of contributions towards core budget requirements under the Kyoto Protocol and under the Convention, the same ratio as negotiated in the last biennium⁸ will be retained for tier 1; that is, 68 per cent for the Convention and 32 per cent for the Kyoto Protocol.

48. With regard to the ratio for tier 2, all resources are related to the Convention, since the focus of the work arising from the requirements related to measurement, reporting and

⁸ Refer to decision 18/CP.17, paragraph 11, and decision 17/CMP.7, paragraph 2.

verification is on the Convention. Resource requirements for supporting the implementation of the Kyoto Protocol during a second commitment period are assumed to be at the same level as during the first commitment period.

49. The split of resources required for activities directly related to the Convention and its Kyoto Protocol for both tier 1 and tier 2 is shown in table 5.

Table 5

Ratio of work programme activities and core budget requirements in 2014–2015 under the Convention and under the Kyoto Protocol

	<i>Total</i>	<i>Convention</i>	<i>Kyoto Protocol</i>
Tier 1 (EUR)	44 774 780	30 446 850	14 327 930
Percentage	100%	68.0%	32.0%
Tier 2 (EUR)	11 213 351	11 213 351	–
Percentage	100%	100%	–
Total (EUR)	55 988 131	41 660 201	14 327 930
Percentage	100%	74.4%	25.6%

50. The share of Kyoto Protocol related activities will decrease from 32 per cent in 2012–2013 to 25.6 per cent in the 2014–2015 core budget for tiers 1 and 2 combined; accordingly, the share of Convention activities will increase from 68 per cent in 2012–2013 to 74.4 per cent in 2014–2015.

51. 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 Parties to the Convention that are not Parties to the Kyoto Protocol will contribute to the Convention only.

VIII. Trust Fund for Supplementary Activities

52. Preliminary indications of resource requirements for supplementary activities in the biennium 2014–2015 are provided in document FCCC/SBI/2013/6/Add.2. The information provided therein 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, as well as other deliberations at the sessions of the bodies established under the Convention and its Kyoto Protocol in 2013 and 2014, will influence the requirements for resources from the Trust Fund for Supplementary Activities in the biennium 2014–2015.

IX. Trust Fund for Participation in the UNFCCC Process

53. The Trust Fund for Participation in the UNFCCC Process is funded from voluntary contributions. Table 6 provides the estimated requirements for resources from the Trust Fund for Participation in the UNFCCC Process for the biennium 2014–2015 for a range of sessional options. The overall level of resource requirements is dependent on the number and length of sessions, as well as related pre-sessional and preparatory meetings, and the number of delegates from each eligible Party who are supported in order to ensure as wide a representation as possible.

Table 6
Resource requirements for the Trust Fund for Participation in the UNFCCC Process

<i>Number of delegates</i>	<i>Estimated cost (EUR)</i>
Support for one delegate from each eligible Party to participate in a one-week session organized in Bonn, Germany	800 000
Support for one delegate from each eligible Party to participate in a two-week session organized in Bonn	1 245 000
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 a two-week session organized in Bonn	1 945 000
Support for two delegates from each eligible Party to participate in a two-week session organized in Bonn	2 490 000
Support for two delegates from each eligible Party plus a delegate from each least developed country and each small island developing State to participate in a two-week session organized in Poland	3 226 000

X. Bonn Fund

54. 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.

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

Table 7
Bonn Fund

	<i>2014–2015 (EUR)</i>
Income	3 579 044
Expenditure	
Conference support for staff and facilities	2 803 816
Conference information support for staff, computers and networking	363 480
Programme support costs	411 748
Total expenditure	3 579 044

XI. Overhead charge and its use

56. In accordance with the financial procedures (decision 15/CP.1), the budget includes a 13 per cent provision to cover administrative overhead costs. As indicated in the annex to document FCCC/SBI/2011/2/Add.2, the resource requirements for the administrative services of the secretariat are funded from the overheads payable on all UNFCCC trust funds. Through its Administrative Services (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. The programme provides key management support in terms of programme planning, results-based budgeting and

reporting on programme and budget performance. It is also responsible for all tasks related to the premises of the secretariat.

57. The main portion of the overhead funds is used for the services provided by the AS programme. The remainder covers the cost of sharing common services with other United Nations organizations in Bonn, the provision of internal and external audits, the provision of payroll, investment and treasury services, staff training and development, services related to the administration of justice and other support services from the United Nations that are not available in the secretariat.

58. New projects planned for the 2014–2015 biennium include the adoption of International Public Sector Accounting Standards as of 1 January 2014 and the expected implementation of the enterprise resource planning system known as UMOJA to replace the current Integrated Management Information System. Training in the use of UMOJA, which is based on SAP⁹ software, is projected to commence during the first quarter of 2015, and the system is projected to go live in late 2015. The staffing and resource requirements shown in tables 8 and 9, respectively, are indicative only. The Executive Secretary will approve expenditures on the basis of the actual income.

Table 8

Staffing requirements funded from the overhead charge on all UNFCCC trust funds

	2014	2015
Professional category and above ^a		
D-1	1	1
P-5	2	2
P-4	3	3
P-3	13	13
P-2	6	6
Subtotal Professional category and above	25	25
Subtotal General Service category	60	60
Total	85	85

^a Director (D) and Professional (P).

Table 9

Proposed resource requirements funded from the overhead charge on all UNFCCC trust funds

	2014 (EUR)	2015 (EUR)
Staff costs	6 589 210	6 589 210
Non-staff costs	1 608 950	1 664 700
Total secretariat costs	8 198 160	8 253 910
Services rendered by the United Nations	600 000	600 000
Total	8 798 160	8 853 910

⁹ Systems Applications and Products in Data Processing (SAP).

XII. Contingencies

A. Conference services

59. 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 annually have been covered by the United Nations Office at Geneva (UNOG) or other United Nations offices, financed from the regular 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.

60. The methodology used to calculate the costs of the conference services contingency is the same as that used in the 2012–2013 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 would be required. The contingency is also based on the assumption that the 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.

61. The contingency for conference services in the biennium 2014–2015 would amount to EUR 7.1 million for interpretation, documentation and meetings services support, making a total of EUR 8.4 million, including programme support costs and the working capital reserve (see table 10).

62. The COP and the CMP rely on Parties to host the sessions of the COP and the CMP and any additional sessions of the Convention and Kyoto Protocol bodies that Parties may decide to hold. In the event that no Party offers to host a session of the COP and the CMP or an additional session, rule 3 of the draft rules of procedure¹⁰ 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 sessions of the COP and additional sessions of the subsidiary bodies, taking on the portion of costs that exceeds those covered from secretariat funds and those borne by the United Nations as outlined in paragraph 59 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

	2014 (EUR)	2015 (EUR)	2014–2015 (EUR)
<i>Object of expenditure</i>			
Interpretation ^a	953 700	982 300	1 936 000
Documentation ^b			
Translation	1 762 100	1 815 000	3 577 100
Reproduction and distribution	596 300	614 200	1 210 500
Meetings services support ^c	194 100	199 900	394 000

¹⁰ FCCC/CP/1996/2.

	2014 (EUR)	2015 (EUR)	2014–2015 (EUR)
Subtotal	3 506 200	3 611 400	7 117 600
Programme support costs	455 800	469 500	925 300
Working capital reserve	328 800	9 900	338 700
Total	4 290 800	4 090 800	8 381 600

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 the 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.

^a Includes salaries, travel and daily subsistence allowance for interpreters.

^b Includes all costs related to the processing of pre-, in- and post-session documentation; translation costs include revision and typing of documents.

^c Includes salaries, travel and daily subsistence allowance for meetings services support staff and costs for shipment and telecommunications.

B. Resource requirements for additional sessional meetings of the Ad Hoc Working Group on the Durban Platform for Enhanced Action

63. The ADP concluded at its first session that it will determine the need for any additional sessions in 2014 before the end of 2013,¹¹ and the need for any additional sessions in 2015 before the end of 2014. Some Parties have proposed that a contingency budget for an additional core budget component to be funded by all Parties be presented for consideration, which would be triggered by relevant conclusions of the ADP in 2013 and 2014.

64. The secretariat has undertaken an assessment of the level of resources required to cover the organizational costs of additional sessions of the ADP, if held in Bonn, during the coming biennium. A session of the ADP, comprising three days of pre-session meetings and a five-day session, held in Bonn, would entail a cost of up to EUR 1.1 million (see table 11). Additional funds would also be required from the Trust Fund for Participation in the UNFCCC Process. The magnitude of the additional funding required from the Trust Fund for Participation in the UNFCCC Process is shown in table 6.

65. The Executive Secretary invites Parties to consider whether the resource requirements for any additional sessions of the ADP should be incorporated into the core budget.

¹¹ FCCC/ADP/2012/3, paragraph 21.

Table 11
Resource requirement for one additional sessional meeting of the Ad Hoc Working Group on the Durban Platform for Enhanced Action per year in Bonn

	<i>2014 (EUR)</i>	<i>2015 (EUR)</i>	<i>2014–2015 (EUR)</i>
United Nations services support	275 000	275 000	550 000
Secretariat meetings support	250 000	250 000	500 000
Non-staff services support	450 000	450 000	900 000
Programme support costs	126 750	126 750	253 500
Total	1 101 750	1 101 750	2 203 500

Annex

Methodologies used to calculate costs

A. Staff costs

1. **Salary and common staff costs:** the standard costs applied in determining staff costs in the proposed budget are based on actual salary costs for January 2012 to December 2012. Staff costs include provisions for staff entitlements such as home leave, education grants and step increases.

Table 12

Standard salary costs^a

<i>Level^b</i>	<i>2010–2011 (EUR)</i>	<i>2012–2013 (EUR)</i>	<i>2014–2015 (EUR)</i>
ASG	194 000	194 000	194 000
D-2	176 000	176 000	177 000
D-1	163 000	163 000	166 000
P-5	142 000	142 000	151 000
P-4	124 000	124 000	128 000
P-3	105 000	105 000	109 000
P-2	85 000	85 000	94 000
GS	62 000	63 000	63 000

^a Only 98 per cent of the standard salary costs was used in the preparation of the 2014–2015 programme budget.

^b Assistant Secretary-General (ASG), Director (D), Professional (P) and General Service (GS).

B. Non-staff costs

2. The costs for **consultants** 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.

3. The costs for **experts and expert groups** encompass the 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.

4. **General operating expenses** include, inter alia, the costs of rental and maintenance of premises and equipment, communications, shipping and other contractual services required for meetings as well as the operation of the secretariat. Costs are estimated on the basis of actual requirements and historical data.