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Item 16(a) of the provisional agenda
Administrative, financial and institutional matters
Programme budget for the biennium 2018–2019

Proposed programme budget for the biennium 2018–2019

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 2018–2019, for consideration by the Subsidiary Body for Implementation at its forty-sixth session.

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Contents

I. Introduction

A. Mandate

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by decision 11/CMP.3, requested the secretariat to establish a separate Trust Fund for the International Transaction Log, for the receipt of fees to cover the resource requirements of activities relating to the international transaction log (ITL) administrator.

2. The financial procedures for the UNFCCC require the head of the Convention secretariat to prepare the administrative budget for the following biennium and to dispatch it to all Parties to the Convention at least 90 days before the opening of the ordinary session of the Conference of the Parties at which the budget is to be adopted.[1]

B. Scope of the note

3. This document contains the proposed budget for the ITL for the biennium 2018–2019. It details the proposed work programme for the ITL for that period and the resources required to implement it.

C. Possible action by the Subsidiary Body for Implementation

4. The Subsidiary Body for Implementation (SBI) is expected to recommend a budget for the ITL for the biennium 2018–2019 and a methodology for the collection of its fees during that period, for adoption at CMP 13.

II. Key areas of work

5. The CMP, by decision 13/CMP.1, requested the secretariat to establish and maintain the ITL to verify the validity of transactions undertaken by registries established under decisions 3/CMP.1 and 13/CMP.1. The secretariat, in its role as the ITL administrator, has the responsibility for, inter alia, ensuring the proper functioning of this critical infrastructure, which sustains the settlement of transactions of units pertaining to the flexible mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol.[2]

6. The ITL administrator maintains and operates the ITL, the purpose of which is to record and verify the validity of transactions proposed by national registries of Parties to the Convention that are also Parties to the Kyoto Protocol with commitments inscribed in Annex B to the Kyoto Protocol and by the clean development mechanism (CDM) registry. The ITL administrator organizes meetings of the Registry System Administrators Forum (RSA Forum), which is aimed at enhancing cooperation between administrators of registries and facilitating the implementation of common operational procedures for registry systems established by the RSA Forum, in accordance with decision 16/CP.10.

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[1] Decision 15/CP.1, annex I, paragraph 3. These financial procedures are also applicable to the Kyoto Protocol in accordance with its Article 13, paragraph 5.
[2] Details on the activities of the ITL administrator are contained in its annual reports. The latest report is contained in document FCCC/SBI/2016/INF.20.

III. Work programme

7.   In 2018–2019, the focus of activities carried out by the ITL administrator will be on ensuring the operational reliability and business continuity of registry systems and the ITL. For that purpose, the ITL administrator will carry out the following key activities:

(a)   Provide technical services through the ITL to enable national registries and the CDM registry to perform transactions of Kyoto Protocol units;

(b)   Ensure reliable hosting for the ITL and perform upgrades to the hardware and software of the ITL infrastructure, as necessary;

(c)   Provide support to national registries, the Consolidated System of European Union Registries including the European Union Transaction Log, the CDM registry, the joint implementation and CDM information systems and the compilation and accounting database in order to maintain their connections and operations with the ITL;

(d)   Initialize and perform go-live events for registries not yet connected;

(e)   Support future changes to the data exchange standards and new releases of ITL and standard electronic format software resulting from operational experience and changes adopted under the common operational procedures for change management;

(f)   Facilitate annual reporting and review of national registries under Articles 7 and 8 of the Kyoto Protocol;

(g)   Administer and maintain a registry system administrators (RSAs) extranet, whose purpose is to facilitate coordination and knowledge-sharing among RSAs;

(h)   Facilitate cooperation among RSAs through the RSA Forum and its working groups in order to ensure that registry systems are accurate, efficient and secure;

(i)   Support testing activities of the ITL and registry systems, including through an annual disaster recovery test and an annual security audit, with a view to enhancing the reliability and security of the ITL;

(j)   Offer online training and guidance material to RSAs and relevant experts from Parties to the Kyoto Protocol that are not included in Annex I to the Convention on the general functioning of the ITL and registry systems, the common operational procedures and other relevant knowledge areas;

(k)   Support the obligations of the ITL administrator in accordance with all applicable decisions of the Conference of the Parties and the CMP;

(l)   Monitor and support negotiations under Article 6 of the Paris Agreement to identify its potential future impacts on the ITL.

IV. Proposed budget

8.   The proposed 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 15 below.

9.   The table below presents the proposed budget for the biennium 2018–2019 and compares it with the approved budgets for the bienniums 2014–2015 and 2016–2017.

Proposed budget for the international transaction log for 2018–2019 by commitment item
(EUR)

Object of expenditure	2014–2015	2016–2017	2018–2019
Staff costs[a]	1 467 460	1 567 420	1 614 260
Consultants	131 830	124 250	99 666
Travel of staff	50 000	40 000	30 000
Experts and expert groups	20 000	20 000	–
Training	20 000	20 000	20 000
General operating expenses[b]	3 004 976	2 802 046	2 607 220
Contributions to common services	167 000	167 000	240 000
Subtotal	**4 861 266**	**4 740 716**	**4 611 146**
Programme support costs	631 964	616 294	599 450
Adjustment to working capital reserve	(11 710)	(5 654)	(6 076)[c]
Total	**5 481 520**	**5 351 356**	**5 204 520**

[a] Staff costs include the costs for overtime and general temporary assistance: EUR 20,000 in the bienniums 2014–2015 and 2016–2017, and EUR 10,000 for the biennium 2018–2019.

[b] General operating expenses include the costs for contractors: EUR 2,900,976 in the biennium 2014–2015, EUR 2,698,046 in 2016–2017 and EUR 2,576,220 for 2018–2019.

[c] In accordance with decision 17/CMP.7, paragraph 6, 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 222,316 and the working capital reserve for the biennium 2018–2019 amounts to EUR 216,240, a decrease of EUR 6,076.

10. The proposed budget contains provisions for consulting, legal and procurement support to enable an international competitive procurement process for the data centre hosting of the ITL infrastructure. Following the completion of this procurement process, migration of the ITL service, including application, hardware and network infrastructure and systems support, will be completed. The budget for these activities, as well the indexation applied by some contractors on existing contracts, have been included in the budget line for general operating expenses.

11. The ITL administrator will continue to optimize the activities sustaining the annual reporting and review of national registries under Articles 7 and 8 of the Kyoto Protocol. These activities will be conducted by secretariat staff without support by external experts. Consequently, a budget for experts and expert groups is no longer required.

12. The level of staffing will remain unchanged compared to the biennium 2016–2017. The increase in staff costs is due to adjusted standard salary costs.[3]

13. The training budget will be maintained at the same level as in the 2016–2017 budget to ensure continuity of training. To that end, within the framework of the RSA Forum, the secretariat will continue offering online training and guidance material to RSAs and relevant experts from Parties to the Kyoto Protocol that are not included in Annex I to the Convention on the general functioning of the ITL and registry systems, the common operational procedures and other relevant knowledge areas.

14. The contributions to common services have been adjusted to reflect actual per capita support costs commensurate with the level of staffing.

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[3] See document FCCC/SBI/2017/4, annex VIII.

15.   The ITL administrator will continue to apply the following measures to keep the resource requirements of the ITL to a minimum:

(a)   Optimizing data centre hosting, technology refresh, and licence and third-party support costs of the required software and hardware;

(b)   Systematizing, documenting and addressing typical incident, user error and user problem scenarios, while providing proactive guidance to registry systems, in order to minimize their reoccurrence and associated remedial costs;

(c)   Simplifying registry testing arrangements, registry contact management and digital certificate management, with the goal of optimizing the costs associated with those activities;

(d)   Engaging RSAs in the centralized annual review of national registries, thereby avoiding the cost of consultants and minimizing travel costs;

(e)   Continuing to identify ways to use secretariat staff instead of consultants or contractors, where possible, including options to consolidate activities related to the ITL service desk, software development and application support.

16.   The proposed budget assumes that no major changes to the data exchange standards will take place in 2018–2019.

V.   Methodology for the collection of international transaction log fees

17.   The methodology for the collection of ITL fees in the biennium 2016–2017 was adopted by decision 8/CMP.11. SBI 46 is expected to recommend a methodology for the collection of ITL fees in the biennium 2018–2019 for adoption at CMP 13.

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