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Administrative, financial and institutional matters

Programme budget for the biennium 2020–2021

Programme budget for the biennium 2020–2021

Proposal by the Executive Secretary

Addendum

Trust Fund for the International Transaction Log


Summary

This document contains the proposed work programme and budget for the ITL for the biennium 2020–2021 for consideration at SBI 50.

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Abbreviations and acronyms

CDM	clean development mechanism
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
COP	Conference of the Parties
ITL	international transaction log
RSA	registry system administrator
RSA Forum	Registry System Administrators Forum
SBI	Subsidiary Body for Implementation

I. Introduction

A. Mandate

1. CMP 3 requested the secretariat to establish the Trust Fund for the International Transaction Log to receive fees to cover the resource requirements of the activities of the ITL administrator.¹
2. The financial procedures for the UNFCCC require the Executive Secretary 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 COP at which the budget is to be adopted.²

B. Scope of the note

3. This document contains the proposed budget for the ITL for the biennium 2020–2021. 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 SBI is expected to consider and recommend a budget for the ITL for the biennium 2020–2021 and a methodology for the collection of its fees during that period for consideration and adoption at CMP 15 (December 2019).

II. Key areas of work

5. The secretariat established and maintains the ITL to verify the validity of transactions undertaken by registries established under decisions 3/CMP.1 and 13/CMP.1.³ As the ITL administrator, the secretariat is responsible for, inter alia, ensuring the proper functioning of this critical infrastructure, which enables the settlement of transactions of units pertaining to the flexible mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol.⁴
6. The ITL administrator maintains and operates the ITL, the purpose of which is to record and verify the validity of transactions proposed by the 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 CDM registry. In addition, the ITL administrator organizes meetings of the RSA Forum, which is aimed at enhancing cooperation between registry administrators and facilitating the implementation by registry systems of common operational procedures, in accordance with decision 16/CP.10.

III. Work programme

7. In 2020–2021 the ITL administrator will focus its activities on ensuring the operational reliability and business continuity of registry systems and the ITL by:
 - (a) Providing technical services through the ITL to enable national registries and the CDM registry to perform transactions of Kyoto Protocol units;

¹ Decision 11/CMP.3, paragraph 5.

² Decision 15/CP.1, annex I, paragraph 3. The financial procedures are also applicable to the Kyoto Protocol in accordance with its Article 13, paragraph 5.

³ Decision 13/CMP.1, annex, paragraph 38.

⁴ Details on the activities of the ITL administrator are contained in its annual reports. The latest report is contained in document FCCC/SBI/2018/INF.10.

- (b) Ensuring the reliable hosting of the ITL and updating the hardware and software of the ITL infrastructure as necessary;
- (c) Providing 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) Initializing and performing go-live events for registries not yet connected;
- (e) Supporting any changes to the data exchange standards and new releases of the ITL and standard electronic format software resulting from operational experience and changes adopted under the common operational procedures for change management;
- (f) Facilitating the annual reporting on and review of national registries under Articles 7 and 8 of the Kyoto Protocol;
- (g) Administering and maintaining the RSA extranet to facilitate coordination and knowledge-sharing among RSAs;
- (h) Facilitating cooperation among RSAs through the RSA Forum and its working groups in order to ensure that registry systems are accurate, efficient and secure;
- (i) Supporting the testing activities of the ITL and registry systems, including the annual disaster recovery test and annual security audit, with a view to enhancing the reliability and security of the ITL;
- (j) Offering online training and guidance materials 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) Fulfilling its obligations as the ITL administrator in accordance with all applicable decisions of the COP and the CMP;
- (l) Monitoring and supporting negotiations and implementation of transitional arrangements relating to Article 6 of the Paris Agreement where these have an impact on the ITL.

IV. Proposed budget

8. The proposed budget for the ITL reflects the resources required to ensure its continued reliable operation. All efforts have been made to keep the requirements to a minimum (see para. 15 below).

9. The table below presents the proposed budget for the ITL for the biennium 2020–2021 and a comparison with the approved budgets for the bienniums 2016–2017 and 2018–2019.

Proposed budget for the international transaction log for 2020–2021 by commitment item

(Euro)

<i>Object of expenditure</i>	<i>2016–2017</i>	<i>2018–2019</i>	<i>2020–2021</i>
Staff costs ^a	1 567 420	1 614 260	1 538 800
Consultants	124 250	99 666	99 666
Travel of staff	40 000	30 000	30 000
Experts and expert groups	20 000	–	–
Training	20 000	20 000	20 000
General operating expenses ^b	2 802 046	2 607 220	2 205 017
Contributions to common services	167 000	240 000	208 000
Subtotal	4 740 716	4 611 146	4 101 483

<i>Object of expenditure</i>	<i>2016–2017</i>	<i>2018–2019</i>	<i>2020–2021</i>
Programme support costs	616 294	599 450	533 193
Adjustment to working capital reserve	(5 654)	(6 076)	(23 901) ^c
Total (budget)	5 351 356	5 204 520	4 610 775
Credit from unspent balances	0	2 500 000	–
Contributions to fees after credit from unspent balances	5 351 356	2 704 520	–
Total	5 351 356	5 204 520	4 610 775

^a Staff costs include the costs for overtime and general temporary assistance: EUR 20,000 in the biennium 2016–2017, EUR 10,000 in 2018–2019 and EUR 10,000 proposed for 2020–2021.

^b General operating expenses include the cost of contractors: EUR 2,698,046 in the biennium 2016–2017, EUR 2,576,220 in 2018–2019 and EUR 2,174,017 proposed for 2020–2021.

^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 216,240, while the working capital reserve for the biennium 2020–2021 amounts to EUR 192,339, a decrease of EUR 23,901.

10. The ITL will have fewer staff than in the biennium 2018–2019 as a result of increased efficiency and decreased operational support needs. The staff costs include an increase due to adjusted standard salary costs.⁵

11. The ITL administrator will continue to optimize the activities supporting the annual reporting on and review of national registries under Articles 7 and 8 of the Kyoto Protocol, which will continue to be conducted by secretariat staff without support from experts or expert groups.

12. The training budget will be maintained at the same level as in 2018–2019 to ensure continuity of training. To that end, within the framework of the RSA Forum, the secretariat will continue offering online training and guidance materials 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.

13. The proposed budget for general operating expenses is significantly lower than the approved 2018–2019 budget owing to the successful migration of the ITL in February 2019 to a cloud infrastructure environment.⁶ The proposed budget includes a provision for any indexation applied by existing contractors.

14. The proposed budget for contributions to common services reflects per capita support costs commensurate with the level of staffing.

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

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

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

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

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

(e) Providing options for virtual participation and remote meetings, with a view to lowering travel and meeting costs;

⁵ See document FCCC/SBI/2019/4, annex I.

⁶ See document FCCC/SBI/2018/INF.10, paragraph 17.

(f) Identifying ways to employ secretariat staff instead of consultants or contractors, where possible, including options for consolidating activities related to the ITL service desk, software development and application support.

16. The budget is proposed under the assumption that there will be no major changes to the data exchange standards in 2020–2021.

V. Methodology for the collection of international transaction log fees

17. According to decision 7/CMP.13, paragraph 19, SBI 50 is expected to recommend a methodology for the collection of ITL fees in the biennium 2020–2021 for consideration and adoption at CMP 15. This methodology is expected to address the following issues:

- (a) Using and reporting on unspent funds from previous bienniums;
 - (b) Establishing a scale of fees for users of the ITL;
 - (c) Dealing with potentially unpaid fees;
 - (d) Dealing with possible new entrants and disconnections.
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