



CONVENTION ON BIOLOGICAL DIVERSITY

Distr.
GENERAL

UNEP/CBD/COP/5/9
20 March 2000

ORIGINAL: ENGLISH

CONFERENCE OF THE PARTIES TO THE
CONVENTION ON BIOLOGICAL DIVERSITY
Fifth meeting
Nairobi, 15-26 May 2000
Item 15 of the provisional agenda*

REPORT OF THE EXECUTIVE SECRETARY ON THE ADMINISTRATION OF THE
CONVENTION AND THE BUDGET FOR THE TRUST FUND OF THE CONVENTION

Note by the Executive Secretary

INTRODUCTION

1. At its fourth meeting, the Conference of the Parties requested the Executive Secretary, in paragraph 15 of its decision IV/17, to report to the Conference of the Parties at its fifth meeting on income and budget performance, and to propose any adjustments that might be needed to the Convention budget for the biennium 1999-2000.

2. The present document has been prepared by the Executive Secretary in response to that request and highlights the financial and administrative performance of the Secretariat since the last meeting of the Conference of the Parties. It should be read in conjunction with the notes by the Executive Secretary on the proposed budget for the programme of work for the biennium 2001-2002 (UNEP/CBD/COP/5/18 and Add.1).

3. The document is divided into four sections, as follows:

(a) Section I reports on financial performance in 1999 for all three trust funds for the Convention, namely the General Trust Fund for the Convention on Biological Diversity (BY Trust Fund); the Special Voluntary Trust Fund for Additional Approved Activities of the Convention on Biological Diversity (BE Trust Fund), and the Special Voluntary Trust Fund for Facilitating the Participation of Parties in the Convention Process (BZ Trust Fund). Expenditure figures given here refer only to the first year of the 1999-2000 biennium, and will change significantly by the end of the year 2000. This section contains a report on commitments made for the year 2000 to the BY Trust Fund;

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b. Section II deals with personnel matters. It reports on the progress made so far in classifying, advertising and filling the posts in the Secretariat;

(c) Section III reports on the status of implementation of the Administrative Arrangements between UNEP and the Convention Secretariat, concluded pursuant to decision III/23 of the Conference of the Parties, and the Agreement between the Secretariat and the Government of Canada concerning the Headquarters of the Convention Secretariat, as requested by the Bureau at its meeting held in Montreal in January 2000;

(d) Section IV contains the elements of a draft decision for the consideration of the Conference of the Parties on the administration of the Convention and the budget for the Trust Fund of the Convention.

4. The following texts are annexed to the present note:

(a) Revised scales of contributions (annex I);

(b) Financial statements for the year 1998 (annex II);

(c) Status of contributions to the BY Trust Fund, BE Trust Fund and BZ Trust Fund as at 31 December 1999 (annex III).

I. FINANCIAL PERFORMANCE IN 1999

A. General Trust Fund for the Convention on Biological Diversity (BY Trust Fund)

1. Budget

5. By its decision IV/17, the Conference of the Parties approved a core programme budget of \$17,301,600 for the biennium 1999-2000 for the Secretariat of the Convention on Biological Diversity (SCBD). Of this amount, \$11,685,000 was to be payable by Parties in line with the scale set out in table 5 of decision IV/17, and \$5,616,600 was to be funded by a separate contribution from the host Government and from the accumulated surpluses (carry-over balance) from the 1997-1998 biennium and prior years, as follows:

	<u>1999</u>	<u>2000</u>
Parties	\$5,700,000	\$5,985,000
Host Government	\$1,000,000	\$1,000,000
Surplus	\$1,603,000	\$2,013,600
Total	\$8,303,000	\$8,998,600
 Biennial total	 \$17,301,600	

2. Contributions

12. As at 31 December 1999, contributions received in 1999 to the BY Trust Fund amounted to \$7,070,595 as follows:

Contributions for 1999 received in 1999	\$3,972,506
Contribution of the host Government	\$1,000,000
Contributions for 1998 and prior years (surplus)	\$1,768,236
Advance partial payments for the year 2000	\$179,853
Special contribution of the United States	\$150,000
<u>Total</u>	<u>\$7,070,595</u>

12. Additionally, \$185,157 had been received in 1998 in advance payments for 1999. Total contributions available in 1999 therefore amounted to \$7,255,752.

13. As at 31 December 1999, therefore, the assessed contributions paid with respect to 1999 amounted to \$4,157,663 (or 73 per cent of the total approved for the year by the Conference of the Parties at its fourth meeting) as follows:

Contributions for 1999 received in 1999	-	\$3,972,506
Advance payments for the year 1999	-	\$185,157
<u>Total</u>	-	<u>\$4,157,663</u>

This amount represents contributions paid in full or in part by 80 Parties (or 46 per cent of the total number of Parties to the Convention).

14. Figure 1 below shows the cumulative payments to the Convention trust funds by month in 1999. As at 30 April 1999, total payments received for 1999 amounted to only 29 per cent of the amount approved, in spite of the fact that contributions fell due in January. As a result of the lack of payment of contributions by Parties in time, and in order to allow the Secretariat to implement the 1999 work programme and renew staff contracts, the Executive Secretary drew upon available surpluses in the BY Trust Fund (from late payments made for 1998 and prior years), without which it would have been impossible for the Secretariat to discharge its functions.

10. Similarly, as at 1 January 2000, only \$179,853 had been received as payments for the year. This again resulted in a situation in which the Executive Secretary had to draw upon the surplus to ensure that, despite the late payment of contributions, the Secretariat could continue to function.

11. The monitoring of the Convention's financial resources has demonstrated that late payments, not only to the BY Trust Fund but also to the BE and BZ Trust Funds, are a continuing trend.

3. Carry-over balance

12. Any unspent balance at the end of a biennium is carried over into the new biennium. This "carry-over balance" or surplus is also augmented by the payment of contributions that are in arrears from prior bienniums. At its fourth meeting, the Conference of the Parties approved the use of a total of \$3,616,600 from the "carry-over balance", i.e., the surplus from the 1997-1998

biennium and from prior years, to offset the contributions from Parties to the 1999-2000 budget.

13. As at 31 December 1999, expenditure for 1999 (including programme support costs) amounted to \$5,810,624 (compared to \$4,157,663 received as contributions for the year). Commitments for the year 2000 amounted to \$8,560,864. There was an over-commitment of \$381,423 in 2000 because of the non-receipt of contributions. As of 1 January 2000, only \$179,853 had been received as contributions for 2000. Therefore, of the commitments already made for the year 2000, a total of \$8,381,011 was obligated using the "carry-over balance" or surplus funds from previous bienniums.

14. If the remaining funds pledged for 2000, totalling \$5,702,162 as well as the prior years' pledges are received in full during 2000, there would be a projected surplus of \$7,953,245 as at 31 December 2000, the breakdown of which is as follows:

1995 Outstanding balance	-	\$31,591
1996 Outstanding balance	-	\$98,740
1997 Outstanding balance	-	\$223,153
1998 Outstanding balance	-	\$458,835
1999 Outstanding balance	-	\$1,438,764
2000 Outstanding balance	-	\$5,702,162
<u>Total</u>	-	<u>\$7,953,245</u>

15. However, it should be noted that since the inception of the BY Trust Fund, the percentage payment of assessed contributions for any year in the same year has never exceeded 75 per cent. If this trend continues in 2000, and assuming that at least 15 per cent of the prior-year contributions will remain unpaid, it is more realistic to assume that the projected surplus will be only approximately \$6,190,042. This surplus will be needed by the Secretariat to commence its functions at the beginning of 2001 as it is expected that assessed contributions for 2001 will most likely not yet have been received by 1 January that year.

4. Expenditures in 1999

16. Direct expenditures in 1999 (including programme support costs) as at 31 December 1999 and commitments for 2000 total \$5,810,624 and \$8,560,864, respectively.

17. For 1999, this amount is equivalent to approximately 70 per cent of the total amount approved by the Conference of the Parties for BY Trust Fund activities as per decision IV/17. However, it amounts to 140 per cent of the total contributions received in 1999 for that year, and approximately 80 per cent of the total actual income available in 1999 (i.e., contributions received in 1999 for 1999 as well as for prior and future years). It should be noted that the additional 40 per cent came from surplus funds received for prior years.

18. As no additional funds were made available for use in 1999, it was not possible to commit all the funds approved by the Conference of the Parties for

1999. Tables 1 and 2 contain breakdowns of expenditures recorded by programme and object of expenditure, respectively.

19. While planned activities for 1999 were implemented, only 80 per cent of the total actual income available amounting to \$7,255,752, was expended in 1999. The 20 per cent unspent balance accounts for the fact that savings were realized when some meetings organized by the Secretariat were held back-to-back, and the cost of rental of conference facilities was lower following negotiations with the International Civil Aviation Organization (ICAO), on whose premises the meetings were held.

20. In addition, it is important to consider the biennium as a whole since some activities that commenced in 1999 will be finalized in the second part of the biennium, in which case expenditures will be reflected in the year 2000.

(a) Expenditures by programme

21. The 80 per cent of the total actual income available in 1999 (and spent in 1999) is shown below by programme. This income takes into account funds paid to the Trust Fund, not only in respect of 1999 assessed contributions but also funds paid in 1999 for prior and future years' pledges.

Table 1. Expenditures in 1999 by programme

<u>Programme</u>	<u>Approved budget (\$US)</u>	<u>Expenditure</u>	<u>Percentage of:</u>		
			<u>Budget approved by COP</u>	<u>Actual contributions received for 1999</u>	<u>Income received in 1999</u>
Executive direction and management	813,500	636,716	78.2		
Scientific, technical and technological matters	1,989,700	1,515,110	76.1		
Implementation and communication	1,979,800	1,200,290	60.6		
Biosafety	1,275,200	896,315	70.3		
Support services	1,289,600	893,716	69.3		
<u>PSC</u>	955,214	668,479	70.0		
<u>Total</u>	8,303,014	5,810,624	70.0	139.7	80.1

Executive direction and management

22. A total of 78 per cent of the funds allocated by the Conference of the Parties at its fourth meeting for executive direction and management was expended during 1999. This programme was almost fully staffed during this period, the exception being the post of Principal Officer, which was filled only in August, however funding for consultancies in this programme was underutilized. Expenditures for meetings of the Bureau of the Conference of

the Parties were unexpectedly high as more meetings than originally planned were convened in 1999 as a result of the biosafety protocol negotiations.

Scientific, technical and technological matters

23. As can be seen from table 1, a total of 76 per cent of the funds approved by the Conference of the Parties for the scientific, technical and technological matters (STTM) programme were spent during 1999. The main reason for the reduced expenditure was that only nine of the 13 posts approved were filled during 1999, partly because a number of candidates originally selected for posts declined the offers of employment at the last minute. Conversely, expenditures for consultants were higher as a result of these vacancies.

24. Savings were also realized as the fourth meeting of SBSTTA was held back-to-back with the Inter-Sessional Meeting on the Operations of the Convention (ISOC), and a number of liaison group meetings were financed by donor contributions to the BE Trust Fund. Further savings were achieved for the Panel of Experts on Access and Benefit-sharing, which was funded primarily by one Government.

Implementation and communication

25. Sixty-one per cent of the budget approved for the implementation and communication programme was expended during 1999. Twelve of the 13 posts approved were filled in 1999, but considerable savings were realized under the programme by convening the Inter-Sessional Meeting on the Operations of the Convention back-to-back with the fourth meeting of SBSTTA. In addition, funds committed for the development of the Global Biodiversity Outlook (GBO) will be reflected not only in the 1999 accounts, but also in the accounts for 2000 as it is an ongoing activity.

Biosafety

26. Seventy per cent of the budget approved for the biosafety programme was spent during 1999. Five of the six approved posts were filled. The majority of the funds spent under this programme were related to the servicing of the negotiating meetings for the biosafety protocol during 1999.

Support services

27. Costs for communications, printing and insurance were lower than originally projected, although this saving was offset somewhat by higher than predicted equipment rental and maintenance costs. Expenditure for travel on official business was 65 per cent of the amount approved by the Conference of the Parties, this lower amount being again due mainly to staff vacancies. On the other hand, costs for temporary assistance were higher than expected as positions were filled temporarily pending the recruitment of staff on a longer-term basis. Three of the six General Service posts approved for support services had not been filled by the end of the year.

(b) Expenditures by object of expenditure

28. As explained above, approximately 80 per cent of the total actual income available in 1999 was spent in 1999. This income takes into account funds paid to the Trust Fund, not only in 1999 but also funds paid in 1999 for prior and future years' pledges. This income is reflected in table 2 below, as a

percentage of contributions received as well as a percentage of total available income.

Staff costs

29. As indicated in table 2 below, staff costs amounted to \$2,401,106, being 71 per cent of the total amount budgeted under this line. The vacancy rate was high at the beginning of the year with only 11 of 27 Professional posts and 9 of 20 General Service posts being filled as at 10 February 1999. However, by mid-March 2000 this situation had changed significantly with 21 of the 27 Professional posts and 17 of the 20 General Service posts encumbered by regularized staff members.

Table 2. Expenditures in 1999 by object of expenditure

<u>Object of expenditure</u>	<u>Approved budget (\$US)</u>	<u>Expenditure</u>	<u>Percentage of:</u>		
			<u>Budget approved by COP</u>	<u>Actual contributions received for 1999</u>	<u>Income received in 1999</u>
Staff costs	3,383,700	2,401,106	70.9		
Consultants	225,000	174,532	77.6		
Travel on official business	565,000	367,802	65.1		
Conference-servicing costs	2,126,500	1,512,092	71.1		
General operating expenses	1,022,600	686,613	67.1		
<u>Programme Support Costs (PSC)</u>	955,214	668,479	70.0		
<u>Total</u>	8,303,014	5,810,624	70.0	139.7	80.1

30. Of the nine vacant posts (six Professional and three General Service), the recruitment process for four of the Professional posts was finalized by January 2000. It is still expected however, that at the end of the biennium, the overall expenditures on personnel will be slightly lower than the approved level owing largely to the natural turnover of staff and the resulting continuation of the recruitment process. Information on the progress in this matter is reported both in paragraphs 47-48 below, as well as on a quarterly basis through the Quarterly Report that is submitted to Parties.

31. It should also be noted that staff costs are budgeted using estimated standard costs based on the assumptions contained in the note by the Executive Secretary on the proposed programme budget of the Convention on Biological Diversity for the biennium 1999-2000 prepared for the fourth meeting of the Conference of the Parties (UNEP/CBD/COP/4/25). They include both salaries and common staff costs (benefits and entitlements estimated at 35 per cent of net salary plus post adjustment for Professionals, and 25 per cent of net salary adjustment for General Service staff members). Given that these costs are based on standard costs used by UNEP, actual expenditures vary depending on fluctuations in post adjustment (for instance the Montreal post adjustment has been very low) and other factors such as the number of dependants, education grant, repatriation costs, and so on.

Consultants

32. Expenditures for consultants were less than envisaged, partly because funding amounting to \$96,916 was received from several Governments under the BE Trust Fund for activities originally budgeted for under the core budget. As a result the core budget funding for these consultants was not spent. It is expected that the level of expenditure for consultants in the year 2000 will be increased, especially if additional unscheduled activities need to be undertaken in response to SBSTTA or other recommendations.

Travel on official business

33. Travel expenses in 1999 are also less than originally projected. Again, this is partly due to the fact that some posts were not filled, and the costs had been estimated based on the number of staff expected. It is projected that these costs will increase significantly in the year 2000 due to the increase in the number of regularized Professional staff at the Secretariat.

Conference-servicing costs

34. Conference-servicing costs in 1999 were less than originally projected, mainly because of the scheduling of the fourth meeting of SBSTTA and the Inter-Sessional Meeting on the Operations of the Convention back-to-back, as well as the large savings resulting from the successful negotiations on the rental of conference facilities with the International Civil Aviation Organization (ICAO), at whose premises the meetings were held. In this respect, the Executive Secretary sought and received authorization from the Bureau of the Conference of the Parties to use these savings of \$370,000 to support the unscheduled informal consultations on the biosafety protocol, which took place in Vienna from 15 to 19 September 1999, as well as the resumed session of the extraordinary meeting of the Conference of the Parties for the adoption of the protocol, held from 20 to 29 January 2000.

General operating expenses

35. General operating expenses include funding for office equipment and supplies, utilities and insurance costs, printing costs, communication costs and the distribution of printed and other materials. Expenditure on these items were less than originally projected, primarily because priorities were given to other budget lines as and when funds became available. Additionally, there were savings realized, for example, for telecommunications and printing costs, where the Secretariat negotiated extremely good rates for international calls with the long-distance service-provider, and obtained special rates from the ICAO print-shop thus reducing printing costs significantly.

5. Commitments for 2000

36. A total amount of \$8,560,864 has been obligated as commitments for the year 2000. This amount represents the use of the surplus from prior years and includes funds approved by the Conference of the Parties for the year 2000 (\$7,360,804) as well as funds approved for use from the surplus (\$762,000 for the resumed session of the extraordinary meeting of the Conference of the Parties and \$300,000 for the first meeting of the Ad Hoc Working Group on Article 8 (j)) (see tables 3 and 4 below). Expenditure in 2000 as at 31 March 2000 amounted to \$1,961,955.

Table 3. Commitments in 2000 by programme

<u>Programme</u>	<u>Approved budget (\$US)</u>	<u>Commitments</u>	<u>Percentage of:</u>	
			<u>Budget approved by COP</u>	<u>Contributions received for 2000</u>
Executive direction and management	1,839,100	1,770,962	96.3	
Scientific, technical and technological matters	2,069,900	1,863,702	90.0	
Implementation and communication	1,600,200	1,360,573	85.0	
Biosafety	1,078,800	559,226	51.8	
Support services	1,375,400	959,524	69.8	
<u>Programme support costs</u>	1,035,200	846,819	81.8	
<u>Subtotal</u>	8,998,600	7,360,804	81.8	
Surplus	1,062,000	1,062,000	100.0	
<u>Programme support costs</u>	138,060	138,060	100.0	
<u>Total</u>	10,198,660	8,560,864	83.9	5.1

Table 4. Commitments in 2000 by object of expenditure

<u>Object of expenditure</u>	<u>Approved budget (\$US)</u>	<u>Commitments</u>	<u>Percentage of approved budget</u>
Staff costs	3,552,900	3,536,686	100
Consultants	236,300	266,300	113
Travel on official business	595,900	310,000	52
Conference-servicing costs	2,368,700	1,738,700	73
General operating expenses	1,210,000	662,300	55
<u>Programme support costs</u>	1,035,200	846,819	82
<u>Subtotal</u>	8,998,600	7,360,804	81.8
<u>Surplus</u> (Resumed ExCOP - \$762,000; Article 8(j) Working Group - \$300,000)	1,062,000	1,062,000	100
<u>Programme support costs</u>	138,060	138,060	100
<u>Total</u>	10,198,660	8,560,864	83.9

B. Special Voluntary Trust Fund for Facilitating Participation of Parties in the Convention Process (BZ Trust Fund)

37. As at 31 December 1999, contributions to the BZ Trust Fund received in 1999 amounted to \$1,319,892. Of this amount, \$1,049,982 were collections for 1999 and \$269,910 were collections for prior years. Contributions to the BZ Trust Fund are earmarked for specific meetings in 1999 and 2000. Total pledges made in 2000 amounted to \$363,222. As at 18 March 2000, no contributions had been received.

38. Expenditures to cover participation cost of 363 participants from Parties eligible for financial support to the following meetings convened in 1999 amounted to \$1,110,254 (excluding programme support costs):

(a) Sixth meeting of the Open-ended Ad Hoc Working Group on Biosafety, Cartagena, Colombia, 14-19 February 1999 (142 participants funded);

(b) Extraordinary meeting of the Conference of the Parties, Cartagena, Colombia, 22-23 February 1999 (142 participants funded);

(c) Fourth meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA), Montreal, 21-25 June 1999 (83 participants funded);

(d) Inter-Sessional Meeting on the Operations of the Convention, Montreal, 28-30 June 1999 (88 participants funded);

(e) Liaison group meeting on the ecosystem approach, Paris, 15-17 September 1999 (8 participants funded);

(f) Informal consultations on a biosafety protocol, Vienna, 15-19 September 1999 (96 participants funded);

(g) Panel of Experts on Access and Benefit-sharing, San José, Costa Rica, 4-8 October 1999 (six participants funded) and

(h) Brainstorming meeting on scientific assessments for the Convention on Biological Diversity, Oslo, 17-19 November 1999 (four participants funded).

39. During the period January to March 2000, the following meetings were convened:

(a) The resumed session of the extraordinary meeting of the Conference of the Parties, Montreal, 20-28 January 2000 (106 participants funded)

(b) The fifth meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA), Montreal, 31 January - 4 February 2000, (107 participants funded);

(c) Ad Hoc Open-ended Inter-Sessional Working Group on Article 8(j), Seville, Spain, 27-31 March 2000 (77 participants funded).

40. Other meetings scheduled for the year 2000 are

(a) The fifth meeting of the Conference of the Parties, Nairobi, 15-26 May 2000;

(b) The first meeting of the Intergovernmental Committee for the Cartagena Protocol on Biosafety (ICCP), Paris, November/December 2000.

41. A total of \$164,449 was spent for the travel of participants to the resumed session of the extraordinary meeting of the Conference of the Parties, and \$138,242 was expended for participants to the fifth meeting of SBSTTA. It

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is estimated that \$129,512 from the BZ Trust Fund was spent on travel of participants to the Working Group on Article 8(j).

42. It is hoped that sufficient contributions are received from donor Parties to facilitate the participation of at least one delegate from each of the 147 eligible developing country Parties and Parties with economies in transition in the fifth meeting of the Conference of the Parties in Nairobi Kenya, from 15 to 26 May 2000. However, in order to ensure that this occurs, additional contributions/pledges need to be made to the BZ Trust Fund in 2000.

C. Special Voluntary Trust Fund for Additional Approved Activities of the Convention on Biological Diversity (BE Trust Fund)

43. The Secretariat has received contributions for additional approved activities totalling \$1,065,312 in 1999 of which \$1,040,322 were contributions for activities in 1999 and \$24,990 were collections during 1999 for prior years. Contributions to the BE Trust Fund are earmarked for specific activities in 1999 and 2000.

44. A total of \$928,027 (including programme support costs) was spent or committed in 1999 for additional approved activities, including:

(a) Salary costs for four staff members (Programme Officer - Agrobiodiversity; Programme Officer - Taxonomy; and Programme Assistant - Indigenous Knowledge) (\$138,679);

(b) Conference-servicing and staff travel costs for the sixth meeting of the Open-ended Ad Hoc Working Group on Biosafety and the first part of the extraordinary meeting of the Conference of the Parties for the adoption of the protocol on biosafety (Cartagena, Colombia, 12-23 February 1999) (\$188,393);

(c) Conference-servicing costs for the informal consultations on a biosafety protocol (Vienna, 15-19 September 1999) (\$58,000);

(d) Travel of experts and conference-servicing costs for the Panel of Experts on Access and Benefit-sharing (San José, Costa Rica, 4-8 October 1999) (\$209,121);

(e) Preparation of the Handbook on the Operations of the Convention (\$30,100);

(f) Activities of the clearing-house mechanism (\$39,050);

(g) Liaison group meeting on the ecosystem approach (\$27,766);

(h) Inter-Sessional Meeting on the Operations of the Convention (\$22,660); and

(i) Expert Consultation on Coral Bleaching, held in Manila from 11 to 13 October 1999 (\$9,357).

45. The status of contributions to the three trust funds as at 31 December 1999 is set out in annex III below.

II. PERSONNEL

Established posts

46. In paragraph 5 of its decision IV/17, the Conference of the Parties approved 47 posts under the budget of the BY Trust Fund for the biennium 1999-2000: 27 Professional posts and 20 General Service posts. In addition, 12

posts were funded in 1999 under the Special Voluntary Trust Fund for Additional Approved Activities under the Convention (BE Trust Fund) (see table 4 below).

Filling of vacancies

47. As of 31 December 1998, 11 Professional posts and nine General Service posts had been filled from the core budget by regularized staff members. As at 17 March 2000, 22 Professional posts and 17 General Service posts were encumbered by regularized staff members.

48. With regard to the posts under the BE Trust Fund, as at 17 March 2000, 10 of 12 posts funded from other sources were filled.

Table 3. SCBD staffing status: BY Trust Fund (core budget)

(as at 17 March 2000)

<u>Status of posts</u>	<u>Professional posts</u>	<u>General Service posts</u>
Total number of posts approved by the Conference of the Parties	27	20
Regularized	22	17
Short-term/vacant/re-advertised	5 *	3

* The recruitment process for four of these five vacant posts has been finalized.

Table 4. SCBD staffing status: BE Trust Fund (Other sources of funding)

(as at 17 March 2000)

<u>Status of posts</u>	<u>Professional posts</u>	<u>General Service posts</u>
Total number of posts to be funded from other sources	9	3
Regularized	7	0
Short-term/vacant/re-advertised	2 (Quebec)	3 (UNEP)

* Posts funded by:

UNEP	3 Professional posts
UNEP	3 General Services posts
FAO	1 Professional post
UNESCO	1 Professional post (discontinued as at 22/3/00)
Australia/Sweden	1 Professional post
Netherlands	1 Professional post
Quebec	2 Professional post (both are vacant)

III. ADMINISTRATIVE ARRANGEMENTS

A. Administrative Arrangements between UNEP and the Convention Secretariat

49. The following report on the administrative arrangements is a summary of the information contained in the Quarterly Report that is produced by the Secretariat and circulated to Parties.

50. The Administrative Arrangements between the United Nations Environment Programme (UNEP) and the Secretariat for the Convention on Biological Diversity (UNEP/CBD/COP/4/24 and Corr.1, annex III) came into effect on 30 June 1997. They had been prepared in response to paragraph 1 of decision III/23, by which the Conference of the Parties invited the Executive Director of UNEP and the Executive Secretary of the Convention to develop procedures with respect to the functioning of the Convention Secretariat, to clarify and make more effective their respective roles and responsibilities.

51. The Administrative Arrangements cover the following subjects relative to the operation of the Secretariat: personnel arrangements; financial arrangements; contributions and funds; treasury; budget; accounting and reporting; procurement of goods and services; reimbursement for services provided by the Secretariat; and conference and other services.

Personnel arrangements

52. The Administrative Arrangements have been adhered to in matters related to personnel arrangements, staff recruitment, post levels, appointments and promotions, job descriptions, and vacancy announcements.

53. With regard to the establishment of an Appointment and Promotion Board (APB) at the seat of the Secretariat, it has not been possible to constitute one as a result of the unavailability at the Secretariat of sufficient staff at the required levels for an APB. It should be noted however, that departmental panels convened to evaluate and interview applicants for Secretariat posts comprise qualified staff members of the Secretariat. In the absence of sufficient staff members at the D-1 level, advice to the Executive Secretary on the most suitable candidates for P-5 and D-1 level posts is provided by panels that comprise qualified staff (at the appropriate level) from the Secretariat as well as from UNEP headquarters.

54. In keeping with the Administrative Arrangements, a Secretariat staff representative body was established in September 1997, with an Executive Committee (three Professional and three General Service staff). This body is represented on all departmental panels convened during the recruitment process for Secretariat posts.

Financial arrangements

55. The finances of the Convention are governed by the Financial Regulations and Rules of the United Nations, in keeping with the Administrative Arrangements.

Contributions and funds

56. As stated in the Administrative Arrangements, three trust funds have been established to support the Convention process:

(a) General Trust Fund for the Convention on Biological Diversity (BY Trust Fund);

(b) Special Trust Fund for Additional Voluntary Contributions in Support of Approved Activities under the Convention on Biological Diversity (BE Trust Fund);

(c) Special Trust Fund for Voluntary Contributions to Facilitate the Participation of Parties in the Convention Process (BZ Trust Fund).

57. These trust funds are administered in keeping with the United Nations rules and regulations, and invoices for contributions due from Parties to the Convention to the BY Trust Fund are issued by UNEP by 1 October of the year preceding the year in which the contributions are due. UNEP provides the Executive Secretary, on a monthly basis, with an up-to-date report on the status of pledges, payments of contributions and expenditures. This information is forwarded to Parties by the Secretariat through its Quarterly Report.

Treasury

58. The contributions to the trust funds under the Convention are invested by the Treasurer of the United Nations in keeping with the Administrative Arrangements, and all interest earned is credited to the relevant trust funds.

Budget

59. In keeping with the Administrative Arrangements, the Executive Secretary only commits resources within the budget approved by the Conference of the Parties, and in adherence to the applicable United Nations rules and regulations.

Accounting and reporting

60. As stated in the Administrative Arrangements, UNEP/United Nations Office at Nairobi (UNON) maintains the accounts for the Convention, approves payments on behalf of the Secretariat, provides payroll services, records obligations, disbursements and expenditures and provides reports of all accounts to the Executive Secretary.

61. The final accounts are submitted to the Executive Secretary for certification and submission to the Board of External Auditors and the Conference of the Parties in accordance with the Financial Rules for the Convention. The financial statements for the first year of the 1998-1999 biennium ended 31 December 1998 are reflected in annex II. The financial statement for the second year of the biennium will be made available during the fifth meeting of the Conference of the Parties.

Procurement of goods and services

62. The procurement of goods and services at the Secretariat is undertaken in keeping with the Administrative Arrangements. In particular, competitive bidding is called for with contracts exceeding \$20,000, and transactions in excess of \$70,000 are handled under procedures set out in the financial rules as applicable to UNEP. Travel of Secretariat staff is set at standards no higher than those of the United Nations.

Reimbursement for services provided to the Secretariat

63. As specified in the Administrative Arrangements, and in line with UNEP Governing Council decision 20/35, all of the Convention trust funds are subject to a 13 per cent programme support charge, which is used in part to

finance the administrative/personnel unit of the Secretariat, as well as recruitment services and human resources development services by UNEP/UNON.

Conference and other services

64. Conference services are provided by UNEP/UNON to all sessions of the Conference of the Parties and its subsidiary bodies, as and when required, in keeping with the Administrative Arrangements.

B. Agreement between the Secretariat of the Convention and the Government of Canada concerning the Headquarters of the Convention Secretariat

65. Pursuant to Decision II/19 of the Conference of the Parties, which requested the Executive Director of UNEP to negotiate and finalize a headquarters agreement with the Government of Canada, UNEP and the Government of Canada signed an Agreement concerning the Headquarters of the Convention Secretariat, in New York on 25 October 1996. The Agreement came into force on 20 November 1997 as per an Order-in-Council published in the Canada Gazette, part II, volume 131, No. 25 dated 10 December 1997.

66. The following are the articles of this Agreement:

- Article 1 Definitions
- Article 2 Juridical personality and legal capacity;
- Article 3 Inviolability of the premises of the Secretariat and archives
- Article 4 Property, funds and assets
- Article 5 Exemption from taxes and duties
- Article 6 Communication facilities
- Article 7 Conference and meeting facilities
- Article 8 Access to the premises of the Secretariat
- Article 9 Interruptions of public service
- Article 10 Privileges and immunities for representatives of Parties to the Convention
- Article 11 Privileges and immunities of officials of the Secretariat
- Article 12 Privileges and immunities for experts on missions
- Article 13 Employment of dependants
- Article 14 Waiver of immunity
- Article 15 Respect for the laws and regulations of Canada
- Article 16 Notification
- Article 17 Identity card and United Nations laissez-passer
- Article 18 Settlement of disputes
- Article 19 Final provisions

67. It should be noted that while most of these Articles are being implemented in accordance with the Agreement, there remain two Articles of particular concern to the Secretariat, namely:

- Article 5 - Exemption from taxes and duties;

Article 11 - Privileges and immunities of officials of the Secretariat

Article 5 (Exemption from taxes and duties)

68. While the Agreement concerning the Headquarters of the Convention Secretariat is being implemented, delays have been experienced with respect to the reimbursement of Taxes and Duties (Article 5). From the transfer of the Secretariat to Montreal in February 1996 until 30 June 1999, the Secretariat has incurred taxes amounting to US\$ 313,614.34. Of this amount, US\$ 164,816.46 comprises General Sales Tax (GST), and US\$ 148,797.88 comprises Quebec Sales Tax (QST). To date, only the GST has been reimbursed.

69. Similarly, senior staff members of the Secretariat who are entitled to the tax exemptions have not received reimbursements for the QST since the Secretariat relocated to Montreal.

Article 11 (Privileges and immunities of officials of the Secretariat)

70. With respect to visas, delays have been experienced occasionally by new staff members and their families in securing visas to allow them to report on duty with the Secretariat.

IV. POSSIBLE ACTION BY THE CONFERENCE OF THE PARTIES

71. The Conference of the Parties may wish to consider the following elements of a possible draft decision:

"The Conference of the Parties

"1. Authorizes the Executive Secretary, in an effort to improve the efficiency of the Secretariat and to attract highly qualified staff to the Secretariat to enter into direct administrative and contractual arrangements with Parties and organizations - in response to offers of human resources and other support to the Secretariat - as may be necessary for the effective discharge of the functions of the Secretariat, while ensuring the efficient use of available competencies, resources and services;

"2. Recognizes the need for ensuring the wider participation of Parties in the meetings of the Convention and, in that light, takes note of the decision of the Bureau of the Conference of the Parties authorizing the Executive Secretary to utilize savings from the BY Trust Fund to fund the participation of developing country Parties, in particular the least developed and small island developing States, and other Parties with economies in transition, in the meetings of the Convention."