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### CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY

Eighth meeting

Curitiba, Brazil, 20-31 March 2006

Item 12 of the provisional agenda\*

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

*Note by the Executive Secretary*

#### INTRODUCTION

1. At its seventh meeting, the Conference of the Parties requested the Executive Secretary, in paragraph 28 of its decision VII/34, to report to the Conference of the Parties at its eighth meeting on income and budget performance as well as any adjustments made to the Convention budget for the biennium 2005-2006.

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 2007-2008 (UNEP/CBD/COP/8/28 and Add.1 and UNEP/CBD/COP/8/INF/14).

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

(a) Section I reports on income and budget performance in 2004 and in the biennium 2005-2006 for the three trust funds of 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 for the biennium 2005-2006 given here, refer only to the first year of the 2005-2006 biennium, and are expected to change by the end of the year 2006 to reflect actual expenditure. This section also contains a report on commitments made for the year 2006 to the BY Trust Fund;

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\* UNEP/CBD/COP/8/1.

(b) Section II deals with personnel matters. It reports on the progress made 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, pursuant to decision IV/17 of the Conference of the Parties, and the Agreement between the Secretariat and the Government of Canada concerning the Headquarters of the Convention Secretariat.

4. In order to minimise reporting costs, the following texts are issued as an Information document to this report (UNEP/CBD/COP/8/INF/14):

- (a) Status of contributions to the BY, BE and BZ Trust Funds as at 31 December 2005 (annexes I -III);
- (b) Status of the BE and BZ Trust Funds as at 31 December 2005 (annexes IV – V);
- (c) Financial statements for the year 2004 (annex VI);
- (d) Current scales of contributions for 2005-2006 (annex VII).

## I. INCOME AND BUDGET PERFORMANCE IN 2004-2006

5. The status of contributions to the three trust funds as at 31 December 2005 is set out in annexes I-III of document (UNEP/CBD/COP/8/11/INF.1).

### A. *General Trust Fund for the Convention on Biological Diversity (Core budget or BY Trust Fund)*

#### 1. *Income and budget performance in 2004*

##### (i) *Budget for 2004*

6. By its decision VI/29, the Conference of the Parties approved a core programme budget of \$11,214,300 for the year 2004 for the Secretariat of the Convention on Biological Diversity (SCBD). Of this amount, \$7,714,300 was to be payable by Parties in line with the scale set out in the annex of decision VI/29, and \$1,000,000 was to be funded from the Contribution from the Host Country and \$2,500,000 from the accumulated surplus and savings (carry-over balance) from prior years (1995-2003) as follows:

Source of funding	2004
Parties to CBD	\$7,714,300
Host Country	\$1,000,000
Surplus/Savings	\$2,500,000
<b>Total</b>	<b>\$11,214,300</b>

##### (ii) *Contributions for 2004*

7. As of 31 December 2004, contributions received for 2004 to the BY Trust Fund amounted to \$7,536,478 as follows:

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Advance payments for 2004 received in 2003	\$607,611
Contributions for 2004 received in 2004	\$6,628,867
Contribution from the Host Government	\$ 200,000
Special contribution of the United States of America	\$100,000
<i>Total</i>	<b><i>\$7,536,478</i></b>

8. Therefore, the assessed contributions paid with respect to 2004 as of 31 December 2004, amounted to \$7,236,478 (or 94 per cent of the total approved for the year by the Conference of the Parties at its sixth meeting) as follows:

Advance payments for 2004 received in 2003	-	\$ 607,611
Contributions for 2004 received in 2004	-	\$6,628,867
<b><i>Total</i></b>	<b>-</b>	<b><i>\$7,236,478</i></b>

**Percentage assessed contributions paid as at 31 December 2004 - 94%**

9. This amount represents contributions paid in full or in part by 117 Parties (or 63.6 per cent of the total number of Parties to the Convention).

10. It should also be noted that as at 31 December 2004, late payments received during 2004 for 2003 and prior years amounted to US\$ 727,344.

*(iii) Expenditures in 2004*

11. A total amount of \$9,568,301 was spent from the BY Trust Fund during 2004. This amount represents 85 per cent of the funds approved by the Conference of the Parties for the year 2004 (\$11,214,300) (see tables 1 and 2 below). A total of \$3,500,000 of the budget approved by the Conference of the Parties for 2004 was funded from the Contribution from the Host Country and from the savings and surplus in keeping with decision VI/29. The balance (\$7,714,300) was funded from assessed contributions to the BY Trust Fund. As of 31 December 2004, \$7,236,478 in assessed contributions had been paid for 2004.

**Table 1. BY Trust Fund expenditure in 2004 by programme**

<i>Programme</i>	<i>Approved budget (\$US)</i>	<i>Expenditure</i>	<i>Percentage of:</i>	
			<i>Budget approved by COP</i>	<i>Contributions received for 2004*</i>
Executive direction and management	809,100	831,425	103	
Scientific, technical and technological matters	1,539,500	1,186,483	77	
Social, economic and legal matters	1,101,800	805,989	73	
Implementation and outreach	2,070,300	1,467,797	71	
Biosafety	1,217,100	882,704	73	
Resource management and conference services	3,186,400	3,153,917	99	

\* Percentage from assessed contributions received as at 31 December 2004.

<i>Programme</i>	<i>Approved budget (\$US)</i>	<i>Expenditure</i>	<i>Percentage of:</i>	
			<i>Budget approved by COP</i>	<i>Contributions received for 2004*</i>
<b>Programme support costs</b>	1,290,100	1,082,681	89	
Gain/Loss on Exchange Rates	0	65,60		
Prior year's adjustments	0	91,700		
<b>Total</b>	<b>11,214,300</b>	<b>9,568,301</b>	<b>85</b>	<b>132</b>

12. Over-expenditure under the Executive Direction and Management Programme (EDM) was due to additional costs for meetings of the Bureau of the Conference of the Parties, whereas under-expenditure under the Scientific, Technical and Technological Matters (STTM), Social Economic and Legal Matters (SEL) and Implementation and Outreach (I&O) programmes was as a result of several posts under those programmes not being filled during 2004. Under-expenditure under the biosafety programme was a result of savings realized by convening the first meeting of the Conference of the Parties serving as the meeting of the Parties to the Biosafety Protocol back to back with the seventh meeting of the Conference of the Parties, as it was originally budgeted as a stand-alone meeting.

**Table 2. BY Trust Fund expenditure in 2004 by object of expenditure**

<i>Object of expenditure</i>	<i>Approved budget (\$US)</i>	<i>Expenditure</i>	<i>Percentage of approved budget</i>
Staff costs (including temporary assistance/overtime and training)	6,211,300	5,350,936	86
Consultants/Sub-contracts	200,000	186,804	93
Travel on official business	375,000	310,033	83
Conference-servicing costs	1,733,300	964,216	56
Meetings	250,200	319,297	128
Reporting costs	136,400	120,803	89
General operating expenses	1,017,960	1,076,226	106
<b>Programme support costs</b>	1,290,140	1,082,681	84
Gain/Loss on exchange rates	0	65,605	
Prior year's adjustments	0	91,700	
<b>Total</b>	<b>11,214,300</b>	<b>9,568,301</b>	<b>85</b>

13. Conference-servicing costs in 2004 are underspent because the ninth meeting of SBSTTA was convened in 2003 instead of in 2004 as originally planned. The expenditure is therefore reflected in the 2003 expenditure statement as overexpenditure in 2003. Meeting costs are overspent as a result of expenditure approved by the Bureau of the Conference of the Parties at its sixth meeting and endorsed by the Conference of the Parties at its seventh meeting (decision VII/34, para. 24), to fund the participation

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of developing country Parties in several meetings during 2004 from the savings and surpluses of the BY Trust Fund.

## 2. *Income and budget performance in 2005*

### *(i) Budget for 2005*

14. By its decision VII/34, the Conference of the Parties approved a core programme budget of \$10,497,800 for the year 2005 for the Secretariat of the Convention on Biological Diversity (SCBD). Of this amount, \$7,662,800 was to be payable by Parties in line with the scale set out in the annex of decision VII/34, \$2,000,000 was to be funded from the accumulated surplus and savings (carry-over balance) from prior years (1995-2004), and \$835,000 was to be funded from the host country contribution as follows:

Source of Funding	2005
Parties to CBD	\$7,662,800
Surplus/Savings	\$2,000,000
Host Country	\$ 835,000
<b>Total</b>	<b>\$10,497,800</b>

### *(ii) Contributions for 2005*

15. As at 31 December 2005, contributions received for 2005 to the BY Trust Fund amounted to \$8,009,844 as follows:

Advance payments for 2005 received in 2004	\$1,964,031
Contributions for 2005 received in 2005	\$5,110,813
Contribution from the Host Government	\$ 835,000
Special Contribution of the United States of America	\$ 100,000
<i>Total</i>	<b>\$8,009,844</b>

16. The assessed contributions paid with respect to 2005 as at 31 December 2005, amounted to \$7,074,844 (or 92 per cent of the total approved for the year by the Conference of the Parties at its seventh meeting) as follows:

Advance payments for 2005 received in 2004	-	\$1,964,031
Contributions for 2005 received in 2005	-	\$5,110,813
<b>Total</b>	-	<b>\$7,074,844</b>

**Percentage of 2005 assessed contributions paid as at 31 December 2005 – 92%**

17. This amount represents contributions paid in full or in part by 110 Parties (or 59 per cent of the total number of Parties to the Convention).

18. It should be noted that as at 31 December 2005, late payments received during 2005 for 2004 and prior years amounted to \$1,092,334.

19. Table 3. below shows the cumulative payments to the BY Trust Fund by month in 2004 and 2005. As at the end of the first quarter of 2004, total payments received for 2004 amounted to only 45 per cent of the amount approved, in spite of the fact that contributions should have been paid in January. As a result of the lack of payment of contributions by Parties on a timely basis, and in order to allow the Secretariat to implement the 2005 work programme and renew staff contracts, the Executive Secretary drew upon the available savings and surplus in the BY Trust Fund (from late payments made for 2004 and prior years), without which it would have been impossible for the Secretariat to discharge its functions.

20. Similarly, at the end of the first quarter of 2005, only \$3,668,254 had been received as payments for the year (i.e. 48% of the amount pledged for 2005). This again resulted in a situation in which the Executive Secretary had to draw upon the working capital reserve and savings and surplus to ensure that, despite the late payment of contributions, the Secretariat could continue to function.

21. It should nevertheless be noted that payments to the BY Trust Fund continue to be substantively improved in 2004 and 2005, compared to earlier years, with 86% and 92% collection rates of assessed contributions (BY) in 2004 and 2005 compared with 73% and 67% during 1999 and 2000 respectively. The percentage collection for 2005 of 92% as of 31 December 2005, surpasses the percent collection for 2004.

**Table 3: Cumulative Contributions to the BY Trust Fund by month for 2004 and 2005**

Month	Contributions received for <b>2004</b> US\$	% of 2004 Assessed Contributions	Contributions received for <b>2005</b> US\$	% of 2005 Assessed Contributions	Contributions received for <b>2006*</b> US\$	% of 2006 Assessed Contributions
January	\$1,889,237	24%	\$3,105,210	41%	1,668,760	21%
February	\$3,387,732	44%	\$3,240,810	42%		
March	\$3,485,477	45%	\$3,668,254	48%		
April	\$3,521,724	46%	\$3,722,560	49%		
May	\$3,781,621	49%	\$4,541,285	59%		
June	\$5,586,337	72%	\$6,305,949	82%		
July	\$6,183,207	80%	\$6,414,786	84%		
August	\$6,222,927	81%	\$6,659,254	87%		
September	\$6,393,636	83%	\$6,660,691	87%		
October	\$6,423,484	83%	\$6,660,790	87%		
November	\$6,532,818	85%	\$6,666,331	87%		
December	\$6,608,465	86%	\$7,074,844	92%		

\* as at 31 December 2005

*iii. Carry-over balance (savings and surplus)*

22. Unspent allocations at the end of the biennium, (as a result of lower cost of activities, non-filling of posts, activities financed from other sources etc.) are referred to as “**savings**”. Contributions received during a given year for prior years’ pledges are referred to as “**surplus**”. Savings and surpluses together are referred to as the “**carry-over balance**”, as they are carried over into the new biennium. At its seventh meeting, the Conference of the Parties approved the use of a total of \$4,000,000 from the "carry-over balance", (i.e., the savings and surpluses from previous financial periods) to cover part of the 2005-2006 core budget. Additionally, the Conference of the Parties approved an amount of \$183,373 as a working capital reserve for the 2005-2006 biennium, to be taken out of the carry-over balance (savings/surplus).

*iv) Expenditures in 2005*

23. Direct commitments in 2005 (including programme support costs) as at 31 December 2005, totalled \$10,618,254, equivalent to approximately 103 per cent (less the working capital reserve) of the total amount approved by the Conference of the Parties for BY Trust Fund activities in 2005 as per decision VII/34. The over-commitment of \$303,854 is due mostly due to the organization of the eleventh meeting of SBSTTA in 2005 instead of in 2006 as originally budgeted.

*a) Expenditure by programme*

24. Table 4 below reflects the percentage of expenditure in 2005 by programme. It also reflects the percentage of expenditure vis-à-vis income for 2005 and vis-à-vis actual income received during 2005. This latter takes into account funds paid to the Trust Fund, not only in respect of 2005 assessed contributions but also funds paid in 2005 for prior and future years' pledges. Expenditure reflected here includes projection for staff costs up to 31 December 2005.

**Table 4. BY Trust Fund Expenditures in 2005 by programme**

<i>Programme</i>	<i>Approved budget (\$US)</i>	<i>Commitments/ Expenditure</i>	<i>Percentage of:</i>		
			<i>Budget approved by COP</i>	<i>Actual contributions received for 2005</i>	<i>Income received in 2005*</i>
Executive direction and management	870,600	811,735	93		
Scientific, Technical and Technological Matters	1,873,200	2,594,964	139**		
Social, Economic and Legal Matters	1,641,400	1,185,237	72		
Implementation and Outreach	886,800	760,005	86		
Resource Management and Conference Services	588,700	654,216	111***		
Shared Costs	3,267,100	2,492,201	76		
<b>PSC</b>	<b>1,186,600</b>	<b>1,104,787</b>	<b>93</b>		
<b>Working Capital Reserve</b>	<b>183,400</b>	<b>0</b>			
<b>Total</b>	<b>10,497,800</b>	<b>9,603,145</b>	<b>93</b>	<b>120</b>	<b>82</b>

\* includes funds received in 2005 for prior and for future years

\*\* SBSTTA-11 convened in 2005 instead of 2006

\*\*\* COP-8 commitments made in 2005

#### *Executive Direction and Management*

25. A total of \$811,735 (93%) of the funds allocated by the Conference of the Parties at its seventh meeting for Executive Direction and Management was expended during 2005 as at 31 December 2005.

#### *Scientific, Technical and Technological Matters*

26. As can be seen from table 5, a total of \$2,594,512 (138%) of the funds approved by the Conference of the Parties for the Scientific, Technical and Technological Matters (STTM) programme were spent during 2005 as at 31 December 2005. Over expenditure was in large part due to the fact that the eleventh meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA-11) was convened in November/December 2005, although it was originally budgeted for in 2006. It was decided to bring forward this meeting as a result of the rescheduling of the eighth meeting of the Conference of the Parties to March 2005, in order that the recommendations from the meetings could be presented to that meeting. Additionally, the Bureau of the seventh meeting of the Conference of the Parties approved funding from the savings and surpluses to cover the costs of participants attending the tenth and eleventh meetings of SBSTTA, for whom insufficient funds were raised from the BZ Trust Fund, (see annex VI- UNEP/CBD/COP/8/INF/14)). At the same time, savings were realized under this programme as a result of the fact that the post of the Programme Officer for Dry and Sub-Humid Lands



was vacant for the entire year and the Taxonomy Programme Officer's post was filled only during the last quarter of the year.

### *Social, Economic and Legal Matters*

27. A total of \$1,185,661 (72%) of the funds approved by the Conference of the Parties for the Social, Economic and Legal Matters programme was spent during 2005 as at 31 December 2005. This under-expenditure was due mainly to the fact that funds for the fourth meetings of the working groups on Article 8(j) and access and benefit-sharing meetings that were budgeted for 2005, were reallocated for expenditure in 2006. Additionally, the post for the Programme Officer for Sustainable Use and Tourism was vacant during most of 2005, and there were also two vacancies in the General Services posts during 2005.

### *Implementation and Outreach*

28. A total of \$760,005 (86%) of the budget approved for the Implementation and Outreach programme was expended during 2005 as at 31 December 2005. All of the posts under this programme were filled during the year. Most of the funds spent under this programme were related to staff costs, the operation of the Clearing-house Mechanism and the publication of information and public awareness materials.

### *Resource Management and Conference Services*

29. A total of \$654,216 (111%) of the budget approved for the Resource Management and Conference Services programme was spent during 2005 as at 31 December 2005. The over-expenditure reflected in Table 5 under this programme during 2005 resulted from commitments made during 2005 for the eighth meeting of the Conference of the Parties.

### *Shared costs*

30. In keeping with paragraph 10 of decision VII/34 in which the Conference of the Parties called on the Executive Secretary to develop a Secretariat-wide modality and tracking system for differentiating the shared costs of the Secretariat between the Convention and the Biosafety Protocol, the Secretariat developed an electronic system enabling staff, on a daily basis, to differentiate and register their time spent on the Convention and on the Protocol. An analysis of the data from staff currently denominated as shared resulted in an 85:15 split between the Convention and the Protocol. A total of \$2,491,952 (76%) of the budget approved for shared costs was spent during 2005. The under-expenditure is largely due to the fact that two Programme Officers' posts (Information Officer and Documentation Officer) were vacant for most of 2005.

### b) Expenditure by object of expenditure

**Table 5. BY Trust Fund Expenditures in 2005 by object of expenditure as at 31 December 2005**

<i>Object of expenditure</i>	<i>Approved budget (\$US)</i>	<i>Commitments/ Expenditure</i>	<i>Percentage of:</i>		
			<i>Budget approved by COP</i>	<i>Actual contributions received for 2005</i>	<i>Income received in 2005*</i>

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<i>Object of expenditure</i>	<i>Approved budget (\$US)</i>	<i>Commitments/ Expenditure</i>	<i>Percentage of:</i>		
			<i>Budget approved by COP</i>	<i>Actual contributions received for 2005</i>	<i>Income received in 2005*</i>
Staff costs	6,045,800	5,107,998	84		
Bureaux meetings	79,000	154,831	196**		
Travel on official business	360,000	231,199	64		
Consultants/sub-contracts	100,000	63,683	64		
Meetings	1,145,000	1,896,589	166***		
Public Awareness materials	150,000	107,250	72		
General operating expenses	1,248,000	936,809	75		
<i>Programme Support Costs (PSC)</i>	1,186,600	1,104,787	93		
<b><i>Working Capital Reserve</i></b>	<b>183,400</b>	<b>0</b>			
<b><i>Total</i></b>	<b>10,497,800</b>	<b>9,603,145</b>	<b>91</b>	<b>120</b>	<b>82</b>

\* includes funds received in 2005 for prior and for future years

\*\* increase resulted from SBSTTA-11 Bureau meeting being convened in 2005 instead of 2005

\*\*\* increase resulted from SBSTTA-11 being convened in 2005 instead of 2006 and funding for developing country Parties

31. As explained above, approximately 82 per cent of the total actual income received in 2005 was spent in 2005. This income takes into account funds paid to the Trust Fund, not only in 2005 but also funds paid in 2005 for prior and future years pledges. This expenditure is reflected in table 5 as a percentage of contributions received for 2005 as well as a percentage of total available income.

#### *Staff costs*

32. It should 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 2005-2006 prepared for the seventh meeting of the Conference of the Parties (UNEP/CBD/COP/7/10). They include both salaries and common staff costs. Given that these costs are based on standard costs used by the United Nations, actual expenditures vary from one duty station to the other depending on fluctuations in post adjustment and other factors such as the number of dependants, education grant, and repatriation costs. Savings were realised during 2005 due to the late or non-recruitment of some staff members. This situation was exacerbated by delays in the recruitment process as a result of the use of the United Nations Galaxy system.

33. As at 31 December 2005, 27 of the 33 approved Professional posts and 20 of the 26 approved General Service posts funded from the core budget (BY Trust Fund) were filled, giving an overall percentage of 80% of approved posts filled and regularized. As indicated in table 6, staff costs amounted to \$5,107,998, being 84% of the total amount budgeted under this line.

34. Information on the status of staffing in the Secretariat is reported on a quarterly basis through the Quarterly Report that is posted on the Secretariat's website, and a detailed breakdown of the status can be found in section II of this document.

#### *Consultants and sub-contracts*

35. Table 5 above shows that expenditure on consultancies and sub-contracts during 2005 fell within the expected budgeted amount. Consultants and sub-contracts were used in the following programmes of work – protected areas; taxonomy; dry and sub-humid lands; technology transfer; biodiversity and tourism; traditional knowledge and outreach.

#### *Travel on official business*

36. Travel expenses in 2005 were less than original projections, as participation of staff in many meetings was funded by the organizers. The Secretariat staff represents the Convention at various meetings and events and travel of staff members to other organizations' events is one of the important ways of achieving synergies and integrated work programmes.

#### *Meetings*

37. Conference-servicing costs in 2005 were greater than originally projected as a consequence of the decision to convene the eleventh meeting of SBSTTA during 2005 instead of in 2006 as originally planned. These decisions were taken in order to allow the recommendations emanating from SBSTTA to be presented to the eighth meeting of the Conference of the Parties, which was rescheduled to March 2006. Bureau meeting costs exceed budgeted amounts as a result of convening an additional meeting in 2005. As a result of the receipt of insufficient funds from donor countries for the participation of developing countries and countries with economies in transition at the meetings of the Convention, the Bureau of the Conference of the Parties approved funds from the savings and surpluses of the BY Trust Fund, to fund the participation of developing country Parties in several meetings during 2005 which also contributed to the over-expenditure. Table 6. below reflects the breakdown of funds approved for use by the Bureau from savings and surpluses.

#### *Public awareness materials*

38. Costs in 2005 were lower than original projections mostly because the production of the Handbook of the Convention in Montreal rather than in the United Kingdom cost less than originally budgeted. Funds were used to produce public awareness materials such as CBD Technical Reports, Programmes of Work, newsletters and posters.

#### *General operating expenses*

39. 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 was in keeping with original projections.

**Table 6. Bureau approvals for use of the surplus/savings in 2005 (BY Trust Fund)**

<i>Description</i>	<i>Approved budget (\$US)</i>	<i>Expenditure/ Commitments</i>
Participation of developing country Parties and Parties with economies in transition in SBSTTA-10 and ABS-3, Bangkok, 7-18 February 2005	750,000	201,497
Participation of developing country Parties and Parties with economies in transition in AHWG-RIC, Montreal, 5-9 September 2005	727,182	214,306
Participation of developing country Parties and Parties with economies in transition in SBSTTA-11, Montreal, 28 November – 2 December 2005	460,000	345,728
<b>Total</b>	<b>\$1,937,182</b>	<b>\$761,531</b>

40. Although \$1,937,182 was approved for use from the savings and surplus, only \$761,531 was actually spent, with the balance being met from voluntary contributions made to the BE and BZ Trust Funds.

3. Projected income and budget performance in 2006

(i) Budget for 2006

41. By its decision VII/34, the Conference of the Parties approved a core programme budget for the Secretariat of \$10,918,500 for the year 2006. Of this amount, \$8,083,500 is payable by Parties in line with the scale set out in the annex of decision VII/34, \$2,000,000 is funded from the accumulated surplus and savings (carry-over balance) from prior years (1995-2004), and \$835,000 is funded from the host country contribution as follows:

Source of funding	2006
Parties to CBD	\$8,083,500
Surplus/Savings	\$2,000,000
Host Country	\$835,000
<b>Total</b>	<b>\$10,918,500</b>

(ii) Contributions for 2006

42. As at 31 December 2005, contributions received for 2006 to the BY Trust Fund amounted to \$1,668,760 as follows:

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Advance payments for 2006 received in 2005	\$1,668,760
<i>Total</i>	<b>\$1,668,760</b>

**Percentage of 2006 assessed contributions paid as at 31 December 2005 – 21%**

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43. This amount represents contributions paid in full or in part by 67 Parties (or 36 per cent of the total number of Parties to the Convention). Additionally, an advance payment of \$200,000 has been received in 2005 for 2006 from the Host Government.

(iii) *Commitments in 2006*

44. A total amount of \$9,777,812 has been obligated as commitments for the year 2006. This amount accounts for 90 per cent of the funds approved by the Conference of the Parties for the year 2006 (\$10,918,500) (see tables 7 and 8 below). A total of \$2,000,000 of the budget approved by the Conference of the Parties for 2006 will be funded from the savings and surplus in keeping with decision VII/34, and a further \$835,000 will be funded from the contribution of the host government. The balance (\$8,083,500) will be funded from assessed contributions to the BY Trust Fund. As of 31 December 2005, only \$1,668,760 in assessed contributions had been paid in advance for 2006.

**Table 7. BY Trust Fund commitments in 2006 by programme**

<i>Programme</i>	<i>Approved budget (\$US)</i>	<i>Commitments</i>	<i>Percentage of:</i>	
			<i>Budget approved by COP</i>	<i>Contributions received for 2006*</i>
Executive direction and management	926,500	810,538	87	
Scientific, technical and technological matters	1,910,100	1,310,140	69**	
Social, economic and legal matters	1,048,800	1,499,296	143***	
Implementation and outreach	946,100	683,401	72	
Resource management and conference services	1,504,300	1,461,947	97	
Shared costs	3,326,600	2,887,609	87	
<b>Programme support costs</b>	<b>1,256,100</b>	<b>1,124,881</b>	<b>98</b>	
<b>Total</b>	<b>10,918,500</b>	<b>9,777,812</b>	<b>89</b>	<b>21</b>

\* Percentage from assessed contributions received as at 31 December 2005.

\*\* Reduction resulted from organizing SBSTTA-11 in 2005 instead of 2006.

\*\*\* Increase resulted from organizing Art 8(j)/ABS-4 in 2006 instead of 2005.

**Table 8. BY Trust Fund commitments in 2006 by object of expenditure**

<i>Object of expenditure</i>	<i>Approved budget (\$US)</i>	<i>Commitments</i>	<i>Percentage of approved budget</i>
Staff costs (including temporary assistance/overtime and training)	6,274,400	6,189,931	99
Consultants/Sub Contracts	200,000	20,000	10
Travel on official business	360,000	180,000	50

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Conference-servicing costs	1,425,000	1,350,000	95
Bureau Meetings	115,000	54,000	47
Reporting costs	270,000	45,000	17
General operating expenses	1,018,000	814,000	80
<b>Programme support costs</b>	<b>1,256,100</b>	<b>1,124,881</b>	<b>98</b>
<b>Total</b>	<b>10,918,500</b>	<b>9,777,812</b>	<b>89</b>

45. Commitments have been made in 2006 based on approvals by the Conference of the Parties at its seventh meeting.

4. *Status of arrears to the BY Trust Fund for a period of 2 or more years*

46. In its decision VII/34.16, the Conference of the Parties authorized the Executive Secretary to *inter alia* enter into arrangements with any Party whose contributions are in arrears for two or more years, to mutually agree on a schedule of payments and to report on the implementation of any such arrangement to the Conference of the Parties.

47. In response to this decision, the Executive Secretary issued letters on 18 May 2004 to 20 Parties who were in arrears for two or more years as at 31 December 2003, proposing a repayment schedule and requesting their agreement and compliance with the proposed schedule, or alternatively the immediate payment in full of their arrears.

48. Five of the 20 Parties subsequently paid of their arrears in full. One Party accepted the repayment schedule and is currently in compliance with it. A further six Parties have paid a portion of their outstanding arrears. Despite reminders from the Secretariat on 28 September 2004 and 28 November 2005, eight Parties have neither responded nor paid any of their outstanding arrears. Of a total of \$518,512 in arrears for two or more years as at 31 December 2003, \$152,208 has been paid. The outstanding balance is \$366,304.

49. The Executive Secretary issued reminders on 3 January 2006 to all Parties with payments in arrears. Regular reminders will be issued to Parties that have not paid their contributions and the Executive Secretary will have consultations with individual Parties to agree on the phased payment of their arrears.

**B. *Special Voluntary Trust Fund for additional approved activities of the Convention on Biological Diversity (BE Trust Fund)***

50. Contributions to the BE Trust Fund are earmarked for specific activities in 2005 and 2006. A total of \$3,266,553 was approved under the BE Trust Fund by the seventh meeting of the Conference of the Parties for 2005 and \$2,772,257 for 2006. As at 31 December 2005, the Secretariat has received pledges for additional approved activities totalling \$3,438,414 in 2005, (or 105% of the amount approved in the budget), of which contributions of \$2,677,840 has been paid. (See annex II –UNEP/CBD/COP/8/INF/14). Additionally \$522,351 was paid during 2005 for prior years.

51. Annex V of document UNEP/CBD/COP/8/INF/14 reflects the status of payments to the BE Trust Fund vis-à-vis the budget approved by the seventh meeting of the Conference of the Parties. It should however be noted that the Secretariat occasionally receives funds in the BE Trust Fund for activities not

listed in the approved budget, in particular funds may be received for activities which are a result of inter-sessional recommendations.

52 A total of \$2,566,788 (excluding programme support costs) was spent or committed in 2005 for additional approved activities, including the activities listed below:

<i>Activity</i>	<i>Expenditure (US\$)</i>	<i>Number of funded participants</i>
Consultants/ Sub-contracts	\$236,608	N/A
Conference servicing costs	\$1,075,266	N/A
Travel	\$511,402	N/A
Business and 2010 Biodiversity Target, London, U.K, 20-21 January 2005	\$18,336	6
Meeting of Experts to develop a Users' Manual on the CBD Guidelines on Biodiversity Tourism Development, Nassau, Bahamas, 24-28 January 2005	\$27,860	7
Asia & Pacific Regional Workshop on the Clearing-House Mechanism, Bangkok, Thailand, 3-5 February 2005	\$45,469	21
Technical Workshop on the development of Regional Clearing-House Mechanisms, Bucharest, Romania, 23-25 February 2005	\$18,243	6
Latin American and Caribbean Regional Workshop on Clearing-House Mechanism, Brasilia, Brazil, 9-11 March 2005	\$42,604	19
Consultation on the Cross-Cutting Initiative on Biodiversity for Food and Nutrition, Brasilia, Brazil, 12-13 March 2005	\$7,902	4
Ad Hoc Technical Expert Group on the review of implementation of the Programme of Work on Forest Biodiversity, Montreal, Canada, 14-16 March 2005	\$22,582	7
Sub-Regional Consultations for the North America Arctic to contribute to the Arctic Regional Report and the composite Report for the programme of work for Article 8(j), Whitehorse, Canada, 14-20 March 2005	\$5,549	1
Asian Regional Meeting on the Composite Report on Traditional Knowledge (in partnership with the Tebtebba Foundation and the AIPP Foundation), Baguio City, Philippines, 28-30 April 2005	\$21,377	10
Latin American Regional Workshop on the Composite Report on Traditional Knowledge, New York, U.S.A., 14-15 May 2005	\$19,865	18
African Regional Workshop on the Composite Report on Traditional Knowledge, New York, U.S.A., 21-22 May 2005	\$3,430	2
Biosafety Clearing-House Training Workshop, Montreal, Canada, 28-29 May 2005	\$63,685	21
Workshop on Cultural, Environmental and Social Impact Assessments based on Akwe:Kon Voluntary Guidelines (in partnership with UNESCO, UNU, FAO and the UN Permanent Forum on Indigenous Issues (UNPFII)), Tokyo, Japan, 30 May-2 June 2005	\$20,315	5
Central and Eastern European Regional Expert Workshop on Sustainable Use, Moscow, Russian Federation, 30 May-2 June 2005	\$21,397	10
Advisory Committee for the programme of Work on Article 8(j) and Related Provisions, Montreal, Canada, 11-14 July 2005	\$59,867	18
Ad Hoc Technical Expert Group on Implementation of Integrated Marine and Coastal Area Management, Montreal, Canada, 11-15 July 2005	\$48,248	12

Ad Hoc Technical Expert Group on the review of implementation of the Programme of Work on Forest Biodiversity, Bonn, Germany, 25-29 July 2005	\$28,753	10
Ad Hoc Technical Expert Group on Biodiversity and Climate Change, Helsinki, Finland, 13-16 September 2005	\$25,079	7
Latin American and Caribbean Regional Workshop on Sustainable Use, Buenos Aires, Argentina, 13-16 September 2005	\$31,742	14
Group of legal and technical experts on liability and redress in the context of Article 14(2) of the Convention on Biological Diversity, Montreal, Canada, 12-14 October 2005	\$51,546	15
Business and the 2010 Biodiversity Challenge, Sao Paulo, Brazil, 3-5 November 2005	\$59,034	20
Technical Workshop on the introduction of the new information and web-based technologies, Montreal, Canada, 21-25 November 2005	\$78,817	19
Clearing-House Mechanism Joint Regional Meeting for Central Eastern Europe, Tallinn, Estonia, 13-15 December 2005	\$20,324	11
Information materials	\$92,743	N/A

**C. Special Voluntary Trust Fund for facilitating participation of Parties in the Convention process (BZ Trust Fund)**

53. Contributions to the BZ Trust Fund are earmarked for specific meetings in 2005 and 2006. A total of \$2,553,800 was approved under the BZ Trust Fund by the seventh meeting of the Conference of the Parties for 2005 and \$3,356,100 for 2006. As at 31 December 2005, the Secretariat has received pledges totalling \$1,589,674 in 2005 (62% of the amount approved for 2005), of which contributions of \$1,353,055 has been paid. (See annex III – UNEP/CBD/COP/8/INF/14). Additionally \$153,468 has been collected for outstanding pledges for prior years. Annex VI (UNEP/CBD/COP/8/INF/14) reflects the status of payments to the BZ Trust Fund vis-à-vis the budget approved by the seventh meeting of the Conference of the Parties.

54. As a result of the low level of pledges to the BZ Trust Fund during 2005, the Bureau of the Conference of the Parties approved the use of savings and surpluses to offset shortfalls in funds for the participation of developing country Parties, and Parties with economies in transition in various meetings of the Convention as reflected in table 7 of this document.

55. Expenditures to cover participation costs of 303 participants from Parties eligible for financial support to the following meetings convened in 2005 amounted to \$954,954 (excluding programme support costs):

<i>Meeting</i>	<i>Expenditure (US\$)</i>	<i>Number of funded participants</i>
Tenth meeting of the Subsidiary Body on Scientific, Technical and Technological Advice, Bangkok, Thailand, 7-11 February 2005	\$232,566	74
Third Meeting of the Ad-Hoc Working Group on Access and Benefit Sharing, Bangkok, Thailand, 14-18 February 2005	\$154,075	68
Ad Hoc Open-ended Working Group on Protected Areas, Montecatini, Italy, 13-17 June 2005	\$307,896	96
Meeting of Donor Agencies and other relevant organizations to discuss options for mobilizing new and additional funding to developing countries for the implementation of the programme	\$ 31,553	11



of work on Protected Areas (activity 3.4.7 of the programme of work), Montecatini, Italy, 20-21 June 2005		
Ad Hoc Open-ended Working Group on Review of Implementation of the Convention, Montreal, Canada, 5-9 September 2005	\$119,916	29
Eleventh meeting of the Subsidiary Body on Scientific, Technical and Technological Advice, Montreal, Canada, 28 November-2 December 2005	\$108,948	25

56. As of 31 December 2005, pledges of \$276,619 to the BZ Trust Fund remain unpaid.

57. It is hoped that sufficient contributions are received from donor Parties to facilitate the participation of at least one delegate from each of the 158 eligible developing country Parties and Parties with economies in transition in the eighth meeting of the Conference of the Parties in Curitiba, Brazil, from 20-31 March 2006. However, in order to ensure that this occurs, additional contributions/pledges need to be made to the BZ Trust Fund in 2006.

## II. PERSONNEL

### *Established posts*

58. The Conference of the Parties approved 59 posts under the core budget (BY Trust Fund) for the biennium 2005-2006 in its decision VII/34 (33 Professional posts and 26 General Service posts). The status of recruitment of these posts is reflected in table 9 below.

59. In addition, 10 posts were funded in 2005 from other sources of funding which included three Professional Posts and 6 General Service posts funded by UNEP from the 13% programme support costs charged on the CBD Trust Funds and one Professional post funded by IUCN (See table 10 below).

### *Filling of vacancies*

60. The Secretariat prepared job descriptions, and through UNEP/UNON, classified the two new posts approved for the 2005-2006 biennium. Recruitment was initiated soon after.

61. It should be noted that, effective 1 November 2002, UNEP adopted the use of the new United Nations Staff Selection System (Galaxy). Therefore, all vacancies of the Secretariat for the Convention on Biological Diversity after that date were advertised in this new web-based staffing system, which supports the recruitment and appointment process. This system has unfortunately led to delays in the recruitment of staff and had some negative impacts on filling of some posts in the Secretariat.

62. As at 31 December 2005, a total of 47 posts (27 Professional and 20 General Service), of the 59 posts approved under the core budget (BY Trust Fund), were encumbered by regularized staff members. All 12 vacant posts have been advertised and recruitment is in progress.

**Table 9. Status of staffing under the core budget (BY Trust Fund)**

<i>Status of posts</i>	<i>Professional posts</i>	<i>General Service posts</i>
Total number of posts approved by the Conference of the Parties	33	26
Regularized	27	20
Recruitment in progress	6	6

**Table 10. Status of staffing from other sources of funding**

<i>Status of posts</i>	<i>Professional posts</i>	<i>General Service posts</i>
Total number of posts be funded from other sources*	4	6
Regularized	4	4
Recruitment in progress	-	2

\* *Posts funded by:* UNEP: 3 Professional posts; 6 General Service posts; IUCN: one Professional post.

### *Capacity-building programmes within the Secretariat for the Convention on Biological Diversity*

63. The Secretariat is involved in several activities, that recognize the need for capacity-building for Parties in terms of furthering their knowledge of the Convention process. Such activities include the Fellowship and internship programmes of the Secretariat as well as the Junior/Senior Programme Officer programmes.

64. As well, the Secretariat recognizes that the career development of staff members within the Secretariat plays an important role in achieving a multi-skilled and knowledgeable team and therefore encourages continual staff development through training and learning activities.

65. The following Section provides supplementary information on the above-mentioned programmes supported by the Secretariat, in its efforts to enhance capacity building efforts related to the Convention process.

## **III. ADMINISTRATIVE ARRANGEMENTS**

### **A. Administrative Arrangements between UNEP and the Convention Secretariat**

66. As per decision VII/33.6 of the seventh meeting of the Conference of the Parties, the administrative arrangements have been reviewed and revised and a report has been prepared for the eighth meeting of the Conference of the Parties (UNEP/CBD/COP/8/16/Add.3).

#### *Reimbursement for services provided to the Secretariat*

67. 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 costs of the Secretariat and of UNEP/UNON.

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

68. 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.

69. On 12 March 2001, the Government of the province of Quebec signed an Understanding with the Secretariat of the Convention on Biological Diversity in which the Secretariat and its officers, *inter alia*, are exempt from paying Quebec provincial taxes.

70. The Government of Quebec also pledged during the occasion of the signing of the Understanding, to contribute the sum of US\$ 200,000 per year to the Secretariat for five years (2001-2005). Subsequently, the Government of Quebec has extended its commitment to pay US\$ 200,000 per year to the Secretariat up to 2012.

71. The Government of Canada pledged US\$ 800,000 per year to the Secretariat up to the year 2014. Of this amount US\$635,000 is pledged for the Convention and US\$ 165,000 is for the Cartagena Protocol on Biosafety.

***C. Fellowship programme***

72. Initiated during the 2001-2002 biennium, this programme aims at providing nationals from developing countries the opportunity to gain knowledge in the area of biodiversity in order to assist their institutions and communities in protecting and promoting the conservation and sustainable use of biodiversity.

73. The selection of fellows has reflected a regional balance and in line with general United Nations practice, a gender balance as well. Selection was based on the applicants work experience; the relevance of this experience to the work of the Convention including how the Fellow would assist with capacity-building and public awareness issues at the community level. The selection also ensured that each Fellow could work on a range of thematic and/or cross-cutting issues.

74. Fellowships awarded during the biennium, and funded under the BY Trust Fund were:

Country of nationality	Focus of the fellowship
Angola	Familiarization with the work of the Secretariat related to the implementation of the Cartagena Protocol and the UNEP-GEF Project on Development of National Biosafety Frameworks.
Morocco	Familiarization with biodiversity considerations in environmental impact assessment and strategic environmental assessment procedures.

75. It is expected, that each Fellow, at the end of the Programme should:

(a) Have broad knowledge of international environmental instruments and mechanisms, in particular those with relevance to biodiversity and general knowledge of the overall United Nations system;

(b) Have a good understanding of the Convention on Biological Diversity, its objectives and work programmes as well its linkages to other issues, bodies and processes;

(c) Be capable of giving training within their communities and organizations in the field of biodiversity conservation and sustainable use/development as it relates to the issues they worked on;

(d) Have the tools to understand practical country-specific problems related to biodiversity; and

(e) Be able to widely disseminate the information and knowledge gained during the Fellowship Programme.

#### ***D. Internship programme of the Secretariat for the Convention on Biological Diversity***

76. The Secretariat for the Convention on Biological Diversity Internship Programme is an on-going programme which provides students with an opportunity to spend a minimum of 3 months and a maximum of 6 months at the Secretariat, in order to gain knowledge and research experience with issues relevant to their studies as well as to the work of the Convention. It is a no-fee programme sponsored by the intern or a sponsoring organization. It provides the students with important practical experience which complements their field of study and also benefits the Secretariat as an outreach programme in that these students take the knowledge and experience they have gained back to their institutions and countries.

77. The Secretariat accepts interns sponsored and selected by the Government of Quebec, as part of their ongoing governmental internship programme. The Secretariat also accepts international interns. Since 2004, the following internships have been successfully completed:

Country of nationality	Focus of internship	Internship financed by
Spain	Marine law	Student
Canada	Access and Benefit Sharing	International Relations Ministry, Quebec
Mauritius	Island Biodiversity	Student
Canada	Dry and Sub-Humid Lands	Student
Germany	Technology transfer and cooperation	Student
Canada	Access and Benefit Sharing	International Relations Ministry, Quebec
Canada	Access and Benefit Sharing	International Relations Ministry, Quebec
Canada	Impact Assessment Portal	Student
Peru	Mountain Biodiversity, Inland waters of mountain ecosystems	Student
Canada	Climate change, Ecosystem approach	Student
USA	Compilations of sources of	Student

Country of nationality	Focus of internship	Internship financed by
	Funding the CBD	
D.R.Congo	Biodiversity Indicators	Student
Canada	Compilations of sources of Funding the CBD	International Relations Ministry, Quebec
Canada	Access and Benefit Sharing, Article 8 J	Student

### ***E. Junior Professional Officer (JPO) programme***

78. Junior Professional Officers are young Professional-level staff financed by their Governments through trust-fund arrangements, for a period of one to three years. They contribute to the work of specific thematic or cross-cutting issues and also benefit from the range of the other issues covered under the Convention and its processes.

### ***F. Senior Professional Officer (SPO) programme***

79. Senior Professional Officers (SPOs), are funded by their Governments or institutions to provide specific expertise on thematic areas. There is an element of learning (about the Convention) within this SPO programme as well.

80. The following JPO/SPOs have worked with the Secretariat (from the period 1999-present):

Professional focus	Financed by:
Forest biodiversity (Scientific, Technical and Technological Matters division)	Finland
Impact assessment; and assisted with inland water biodiversity and some aspects of marine and coastal biodiversity. (Scientific, Technical and Technological Matters division)	Italy
Clearing-house mechanism. (Implementation and Outreach division)	Norway
Environmental impact assessment; and assisted with some aspects of work on the dry and sub-humid lands programme. (Scientific, Technical and Technological Matters division)	Republic of Korea
Agricultural biodiversity as well with the implementation and outreach division on communications, education and public awareness strategy. (Scientific, Technical and Technological Matters division)	Netherlands
Forest biodiversity. (Scientific, Technical and Technological Matters division)	Finland
Forest biodiversity. (Scientific, Technical and Technological Matters division)	Italy

### ***G. Staff development and learning policy***

81. Recognizing that individuals increasingly need to match their skills and competencies to the changing requirements of the organization and that pragmatism, flexibility and the ability to adapt quickly to change are in high demand, the Secretariat developed an internal staff policy that guides staff development.

82. The policy takes into account the career development policy of the United Nations by providing a framework of opportunities, which contribute to career development, such as using learning and development opportunities available, both within or outside the Secretariat and the effective use of the performance appraisal system. The policy encourages the development of broad-based knowledge and experience and a diversified, interdisciplinary background.

*Constraints*

83. The principal constraint, in terms of the provision of training and learning opportunities is the lack of financial resources, mostly due to the fact that most of the funds budgeted for the biennium under training, were used for the Fellowship programme.

84. However, during the biennium, a number of staff benefited from advanced computer training and one staff member was sent for a training workshop on legal matters.

85. The second constraint felt by most staff is the lack of time needed to invest in learning, however, learning time has been allocated to all staff, some of who have already benefited from it.

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