



Convention on Biological Diversity

Distr.
GENERAL

UNEP/CBD/COP/9/27/Add.2
5 May 2008

ORIGINAL: ENGLISH

CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY

Ninth meeting

Bonn, 19-30 May 2008

Item 5.1 of the provisional agenda*

PROPOSED BUDGET FOR THE PROGRAMME OF WORK OF THE CONVENTION ON BIOLOGICAL DIVERSITY FOR THE BIENNIUM 2009-2010

Note by the Executive Secretary

Addendum

1. Subsequent to the receipt of the audited accounts of the Convention from the United Nations Environment Programme on 15 April 2008, the Secretariat has prepared a projection of expenditures to the end of 2008. The projection indicates that, should all factors remain unchanged, there will be a deficit of approximately US\$ 800,000 at the end of 2008 (see table 1 below).
2. The projected deficit is the result of the negative effect that the depreciation of the United States dollar has had on the budget of the Convention for the period 2006-2007 and which is continuing in 2008 (see UNEP/CBD/COP/9/27, para.30). There are large expenditures over which the Secretariat has no control, such as the rent and maintenance costs, which are denominated in Canadian dollars and which therefore cost more in terms of the United States dollar every time the United States dollar depreciates. The Executive Secretary in his letter of 16 October 2007 (copy attached), brought this matter to the attention of Parties and requested additional voluntary contributions to enable the Secretariat to offset some of the losses foreseen as a result of the exchange rate fluctuations; however, no positive responses were received to this request.
3. A total of US\$ 4,000,000 was taken from the surplus and savings of the Convention in order to reduce the assessed contributions of Parties for the 2007-2008 biennium. This has contributed to the projected shortfall, given that at the time the decision was made the exchange rate of the United States dollar was much more favourable.
4. In view of the projected shortfall in the 2007-2008 budget it is proposed that additional funding be identified during the ninth meeting of the Conference of the Parties from voluntary funds or adjustments to the assessed contributions for 2008, or alternatively that the Conference of the Parties authorizes the Secretariat to use the working capital reserve to offset these projected losses. The Secretariat has already made efforts to minimize the expenses in 2008 with the suspension of recruitment of all short term staff, and consultants and the cancellation of all staff travel on missions not directly related to activities under the Convention on Biological Diversity, however given that the Secretariat is now fully staffed this effort will be unlikely to be able to cover all the projected losses.

* UNEP/CBD/COP/9/1.

5. The Executive Secretary has also brought the situation to the attention of the Executive Director of the United Nations Environment Programme (UNEP), who responded that: “The exchange rate loss issue is not specific to UNEP but applies to the entire UN...”, and that “...the UN Secretariat has not provided guidelines to alleviate the burden of such situations.”

6. In view of the circumstances the Conference of the Parties may wish to consider adopting a draft decision along the following lines:

The Conference of the Parties,

Noting the projected shortfall in the Secretariat budget for the 2007-2008 biennium,

1. *Approves* a supplementary budget of US\$ xxx,xxx in 2008 to cover projected shortfalls in 2008 due to exchange rate losses in 2007-2008;

2. *Adopts* the scale of assessments for the apportionment of additional expenses for 2008 as contained in the table annexed to the present decision.*

* The table will be prepared on the basis of the outcome of the discussions at the ninth meeting of the Conference of the Parties.

Table 1. Trust Funds for the Convention on Biological Diversity

	2000	2001	2002	2003	2004	2005	2006	2007	2008 Projection
COP approved budget	8,998,600	8,594,000	10,049,900	10,742,500	11,214,300	10,497,800	10,918,500	10,957,000	11,390,600
Pledges (includes additional contributions)	7,110,013	7,357,985	8,089,404	8,432,349	8,041,394	9,397,807	8,333,489	9,647,542	8,755,458
Collections during the year	8,043,145	7,800,145	8,780,762	8,133,102	7,598,551	9,900,213	7,925,080	7,279,822	11,123,178
Interest	293,914	594,585	335,191	248,767	121,235	142,341	263,662	167,747	150,000
Miscellaneous income	3,220	1,668	38,105	190,192	110	-	5,135	0	0
TOTAL INCOME	7,407,147	7,954,238	8,462,700	8,871,308	8,162,739	9,540,148	8,602,286	9,815,289	8,905,458
EXPENDITURE									
Direct Expenditures	7,087,133	8,378,744	8,073,538	9,198,047	8,328,315	8,536,723	9,636,401	9,391,853	10,080,200
Programme support costs	921,327	1,089,237	1,049,560	1,195,746	1,082,681	1,109,774	1,252,732	1,220,941	1,310,426
Loss/Gain on exchange/ Bank charges		23,757	28,374	(28,674)	65,605	75,699	163,780	(20,888)	80,000
Prior period's adjustments	22,952	(57,492)	(285,887)	137,621	91,700	(44,944)	5379	0	
TOTAL EXPENDITURES	8,065,419	9,434,246	8,865,585	10,502,740	9,568,301	9,677,252	11,058,292	10,591,906	11,470,626
BALANCE	(658,272)	(1,480,008)	(402,885)	1,631,432)	(1,405,562)	(137,104)	(2,456,006)	(776,617)	(2,565,168)
Working capital reserve				878,272		183,400		55,700	
SURPLUS (Cumulative)	11,176,509	9,696,501	9,293,617	6,783,912	5,378,350	5,057,846	2,601,840	1,769,523	(795,645)



Secretariat of the Convention on Biological Diversity



Ref: SCBD/RMCS/MR-H/60360

16 October 2007

Dear Sir/Madam,

The Secretariat of the Convention on Biological Diversity wishes to bring to your attention as a matter of urgency, the negative effect that the depreciation of the United States dollar is having on the budget of the Convention for the period 2006-2007 and which is expected to continue in 2008.

The unexpected strengthening of the Canadian dollar vis-à-vis the United States dollar has had a very negative impact, particularly on staff salaries and local recurrent expenditures such as rental and maintenance of the Secretariat premises. This effect has been even more evident given the fact that the Secretariat has now filled all the vacant positions in the Secretariat as requested by the eighth meeting of the Conference of the Parties.

Initial calculations show that for professional staff salaries alone there has been an increase of 37.4% in the Montreal post adjustment between January 2006 (when the 2007-2008 budget was prepared) and October 2007. This increase has had a significant impact on the Secretariat's budget for staff salaries and is due almost entirely to the exchange rate fluctuation. With the Canadian dollar at par with the United States dollar for October 2007 and expected to strengthen even more in November 2007 and beyond, it is likely that the post adjustment multiplier for Montreal could increase even more with the consequent further increases in salary costs.

Expenditure on rent over the period January 2006 to December 2007 shows a loss of more than US\$200,000 due solely to exchange rate losses. Looking at other expenditures in Canadian dollars, (not including the rent) for the period September 2006 to October 2007 there has been a loss of more than US\$600,000 due only to exchange rate losses.

In view of this situation, the Secretariat would like to request Parties in a position to do so owing to the gain resulting from a more favorable exchange rate of their national currencies to pledge on an exceptional basis, an additional voluntary contribution to the General Trust Fund of the Convention on Biological Diversity (BY) during 2008 to enable the Secretariat to offset some of the losses currently being experienced as a result of the currency fluctuations.

Your urgent indication of such additional funding would be greatly appreciated.

Yours sincerely,


Ahmed Djoghla
Executive Secretary

To: National Focal Points of Potential Donor Countries



United Nations
Environment Programme

413 Saint-Jacques Street, Suite 800
Montreal, QC H2Y 1N9, Canada

Tel.: +1 514 288 2220
Fax : +1 514 288 6588

www.cbd.int
secretariat@cbd.int